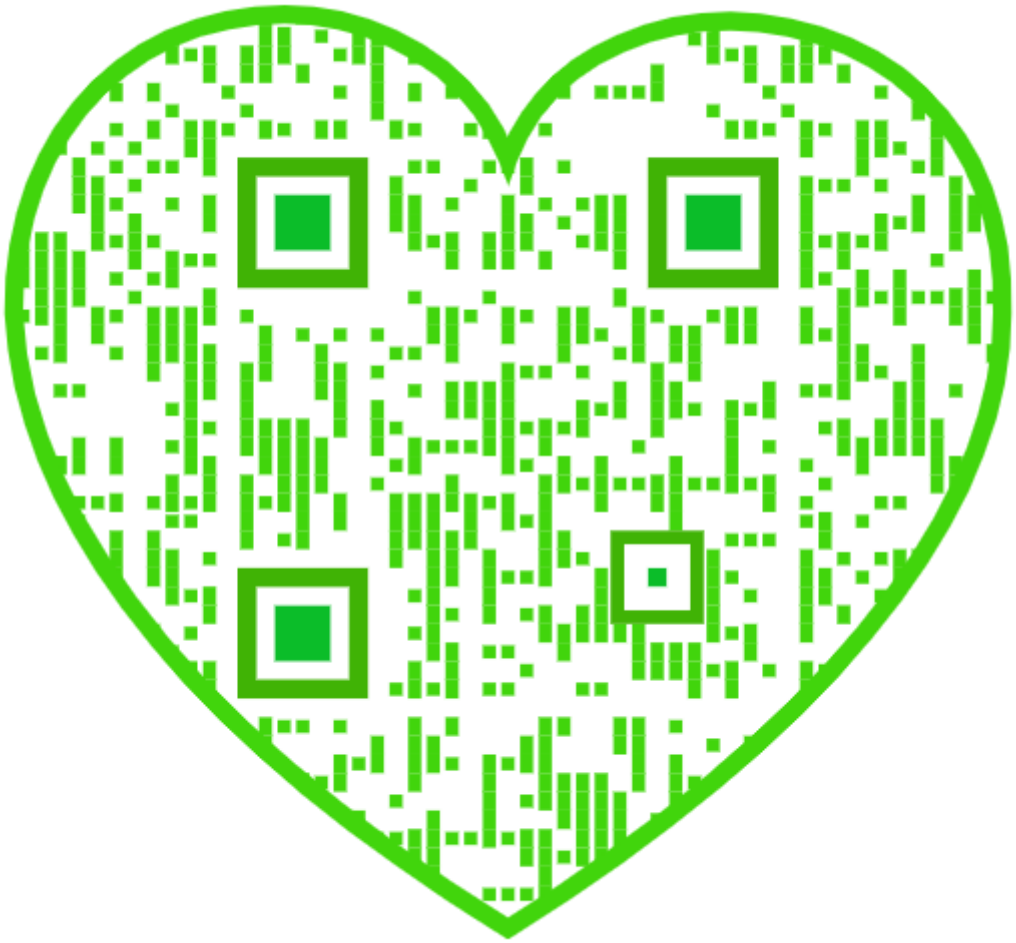

ECONOMICS AND POLITICS

A SERIES OF PAPERS UPON PUBLIC QUESTIONS
WRITTEN ON VARIOUS OCCASIONS
FROM 1840 TO 1885

BY

ROWLAND GIBSON HAZARD, LL. D.

EDITED BY HIS GRANDDAUGHTER

CAROLINE HAZARD

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EDITOR'S PREFACE.

THIS volume contains the results of my grandfather's best thought upon public questions throughout his life. The first essay was written before he reached his fortieth year, when his mind was fully matured and in the first vigor of its working power. The dates of the successive speeches and papers show how constantly his attention was directed to human affairs with an ever widening interest. The fragmentary article on the Tariff which closes the volume was written in his eighty-fifth year, and was the last paper from his busy pen.

The secret of this activity, this never-failing interest, is not hard to find. He was a seeker after truth, in ethics, in politics, in the conduct of life. A sentence in one of his speeches, written in his fiftieth year, nobly expresses his belief: "I have ever had too much faith in the practical workings of correct general principles to apprehend even individual injury from them. But, above all this, I believe there is that within me which prompts me fearlessly and faithfully to search out these general principles, and which, when they are found, impels me to give them utterance regardless of my own or any other narrow and temporary interests."

The principles enunciated in the Railroad articles my grandfather lived to see accepted as lying at the

root of railroad legislation. The Tariff articles also had their effect. The Financial articles, published at the close of the war, were issued in London. Some of them were translated into Dutch and published in Amsterdam, where they did much toward inspiring confidence in our resources. The clearness and keenness of my grandfather's vision made the dangers which menaced our country and our institutions very real to him and drew from him these cogent arguments, these earnest protests, and these burning appeals. "If by the blessing of Heaven," he says, "there be aught of power within me, either for warning or for resistance, the will to exert it shall not be wanting."

OAKWOODS IN PEACE DALE, R. I.,
November, 1888.

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CAUSES OF THE DECLINE OF POLITICAL MORALITY.[1]

In the selection of a topic for this occasion, I have chosen "The Causes of the Decline of Political and National Morality," not because it is one with which I am very familiar, or on which I could expect to shed much new light; but simply because it seemed to be that which, at this juncture, could be most usefully brought into notice. Of political discussion, it is true, there has recently been no lack; but, from those rancorous contests which arise from the excited feelings of partisans engaged in a violent contest for political supremacy, little good is to be expected. Under such circumstances, arguments are but too often used to obtain power, rather than to ascertain or exhibit truth. General principles are seldom well settled by arguments employed to answer a temporary purpose.

The conflict which still agitates the whole country has fully developed this attribute of partisan warfare. Angry feelings, or interested motives, have been so prominent as to cause many honest men to doubt whether the love of country and the love of truth have embarked in the controversy on *either* side. The ar-

[1] Delivered at Kingston, R. I., immediately after the election of General Harrison in the fall of 1840, the third and last of the series proposed by the Judges of the Supreme Court, and inaugurated by Judge Job Durfee, in 1839.

guments resorted to have almost exclusively been such as address themselves to the pecuniary interests, and call into action some of the lowest impulses of our nature. The means employed have been, to say the least of them, far from elevating; and to the thoughtful observer the result, even if favorable to his views, can hardly reconcile him to their permanent adoption, or blind him to the danger which may attend their use for improper purposes. Nor can even the most complete success prevent a poignant regret in every patriotic mind, that his countrymen should be more moved by thoughtless hurrahs, tumultuous parade, and volatile songs, than by the most urgent and sensible appeals to their understandings; or that those familiarizing epithets, which seem to sink the individual to whom they are applied to every man's level, should conduce more to his popularity than the most dignified deportment, combined with all the cardinal virtues, could effect. There is manifest danger in such a condition of the popular mind. If it can be wrought upon by such means, it may almost as easily be excited to wrong as prompted to right. Self-government is a grave business; and if, as in a former lecture I had occasion to remark, *despotism leads to volatility in the people under it*, the converse of the proposition is still more obvious. Their levity, their want of sober thought and just examination, will be taken advantage of by designing men for the increase of their own power. With these views I deem it proper to seize the first moment of calm, even though it be but the "breathless interval betwixt the flash and thunder," and endeavor, while the public mind is still alive to the subject, to direct its attention to the necessity of higher and more elevating modes of conducting our political contests.

The safety, the perpetuity of our free institutions depends upon it. The government and the governed act and react upon each other; so that corruption in either tends to corruption in both. In this discussion I would wish not only to be impartial, but to avoid unnecessary censure of any party; but when I observe the change which has been wrought in the last twelve years, a period almost entirely free from war, I am forced to the conclusion that all the other elements of national corruption have been in action. For this it is fair to hold that party most responsible who have possessed the most power to control our destinies; while at the same time there is much reason to apprehend that the minority have not always exercised that conservative influence which a dignified and honest resistance to bad measures, and a steady and persevering adherence to correct principles, might have effected. The progress of the individual in moral degeneracy, however rapid, is generally by steps so regularly progressive as to be almost imperceptible to himself. No sudden shock arouses or alarms him; he glides gradually into crime, until the commission of enormities, at the idea of which he would once have shuddered, no longer costs him a struggle or a pang; and it is only when some portentous event recalls the ever cherished recollections of early youth, and he recurs to the generous feelings, the untarnished honor, the spotless purity, which then ennobled him, and contrasts his then calm or buoyant spirits, and the joys of innocence, with his present perturbed and troubled breast, that he realizes the change which has come over his spirits, and mourns the loss of that virtue which at other times he is scarcely conscious that he ever possessed. It is the same with a nation. Our views

of national justice and national honor accommodate themselves, if possible, with even more pliancy to the existing state of things. Every downward step prepares us for another, until the most gross and palpable violations of right call forth no censure, the most dishonorable transactions arouse no patriotic pride, and the most flagrant abuses of power fail to excite our indignation.

Nor does it argue much in favor of our national elevation, that, while in these matters we accommodate ourselves with such pliant facility, we are sensibly alive and sufficiently earnest in regard to all measures affecting our pecuniary interests. Important as such measures are, in their *immediate* operation upon the results of industry and the comforts of life, they sink into insignificance when compared with the influence which they, in common with other legislation, exert on the public morals. That we may better note the change which has taken place in this respect, let us recur to some period of the past, and compare it with the present. I will not go back to our national birth or infancy. Could I depict the virtue and purity of those times, I fear it would now appear too much like the fictions of the poet, for the practical illustrations I seek. Nor will I resort to those traditions, which, if they recorded aught of our ancestors but their virtues, would not be accredited.

I fear it is but too unnecessary to go so far back. The last twenty years furnish a contrast only too striking. Within that time the breath of suspicion sullied for a moment the fair fame of a statesman, then and now occupying a prominent position before the country. It was sufficient; it blasted his bright prospects. The American people then said, by their acts, "He to

whose guidance we commit our destinies, he whom we would elevate to the highest political rank, must be not only pure, but above all suspicion of base motives."

And of what was he suspected? Of having bargained away his vote for his personal aggrandizement. Such was then the state of moral sensibility that the people were aroused by this suspicion, and indignantly hurled the parties to the supposed contract from the offices they had obtained. How would it be now? Would indignation be thus excited by such a bargain, if actually entered into and consummated? or would it not be looked upon as a common, every-day occurrence, a fair political transaction? What are the facts? Mutual and combined support, on the part of the officers of government, for joint and private benefit, is openly avowed, and unblushingly advocated. The executive has proclaimed, by his acts, that those who vote for and support him may expect place and emolument, while all hope is denied to his opponents; and the public are deprived of their services, however valuable they might be. It is true, and there is encouragement in the fact, that the people have risen in their strength — I wish I could say they have risen in their majesty — to displace the party who have sanctioned such enormities. But is it for these enormities they have been rebuked? Some use has been made of them, and no doubt with some effect on honest minds; but they have been so far from the prominent causes of complaint, that their condemnation will hardly appear to be a result of the national decision.

Among the early causes of the change we are commenting on, the unfortunate expression of the then

chief magistrate deserves notice. When General Jackson said, "I take the responsibility," he gave the sanction of the highest official station to lawless feelings, which are ever engendered in the worthless portion of a free country, and which are the most dangerous elements necessarily involved in free institutions, under which, obedience to the laws, and reverence for the order they establish, are of vital importance, and require to be preserved and nurtured with vigilance and care.

The sentiment thus boldly, and no doubt honestly, avowed by the head of the government, was readily adopted by inferiors in office, who were under less moral restraint, and has pervaded the whole community with a spirit of lawlessness. Swartwout, and a host of other defaulters, *took the responsibility;* bank presidents, directors, and cashiers; merchants, clerks, speculators, and porters, all *take the responsibility*, till there is no safety for property, and in some portions of the country, little regard for the laws for personal protection. "I take the responsibility." These were words of awful import. To the future philosopher and historian they may appear but as the first decided and marked expressions of a popular tendency which was already sapping the foundation of our government.

That such assumed power was honestly and beneficially exerted, but increases the danger. Much of the power by which tyrants have oppressed and cursed our race has been first fostered by temporary utility, and permitted to encroach on rights because of the palpable benefits immediately conferred.

Another thing, attended with most pernicious and widespread consequences, is the venality of the pub-

lic press. In this country, where newspapers reach every hamlet, and are read by almost every individual, they might, if properly conducted, be made the vehicle of instruction and elevation to a greater extent than any other means under the control of human intelligence. But, perverted, they become almost equally efficient in propagating error and debasing the public mind. The effect could not fail to be very injurious, if merely one-sided views and partial statements were generally circulated through this medium; but when, as there is too much reason to believe is the case, statements are constantly made for the purpose of deceiving the readers and preventing their reaching the truth, and, in many instances, absolute falsehood is resorted to for party purposes, the evil is increased to a degree which becomes truly alarming. The streams of intelligence are polluted. If the people drink, they are poisoned; if they refrain, they are cut off, individually and collectively, from information of vital importance.

Unfortunately, our newspapers are considered merely as a portion of the machinery of party tactics, and their editors as having no personal responsibility, no private conscience, and no right to any higher principle of action than devotion to the cause they stand pledged to advocate, right or wrong. Thus that pride of character, which would make an editor feel a blemish on his page as a stain upon himself, is wholly lost in truckling to party spirit or popular prejudice. And the political character of our newspapers has fallen so low, that we hardly look for anything better than partial statements from them. I wish it were confined to them; but the same mercenary spirit has occasionally manifested itself in some works from

which we should have expected a higher tone. The great Reviews, for instance, should watch over public sentiment, and impartially canvass every opinion, to expose error and give prominence to truth. Yet some of them indicate, by their very names, that they are devoted to particular systems; and it is not long since one of them, having a higher place than has been accorded to any other periodical in this country, gave notice that its pages would thereafter be devoted to a particular interest, and would advocate a system in opposition to the conclusions of many of the most profound investigators of the subject.

Is this our boasted freedom of the press? It is true the press is still free — still subject only to the law itself imposes. But it seems to have determined to use its freedom in its full extent for evil, and to restrict the freedom of inquiry necessary to the pursuit of truth and happiness.

The public press should be conducted solely with a view to give correct information of facts, and to disseminate truth in all its forms. And, in performing this office, some regard should be had not only to decency and propriety, but to elegance. Our newspapers, and other periodicals, should contain nothing having a tendency to lower the standard of morality, or to vitiate the taste and feelings of the community. They should not lend or let themselves to deception, in any of its multifarious forms. The attempts of the venders of lottery tickets and patent medicines, or others, to impose on the ignorant by false representations, should not be countenanced, much less encouraged, by them.

Some attention should be paid even to the style of the ordinary business advertisements. Low and in-

elegant expressions, arising from ignorance or want of elevation in the advertiser, should be discarded, or at least discouraged. In short, they should exhibit pure motives and dignified and chaste expression. I have been thus minute on this subject from a conviction that attention, even to minor matters, in the preparation of what constitutes so large a portion of the daily food of the public mind, would be attended with great and beneficial results upon its health and purity.

Another cause which, within the last few years, has been influential for evil, is the prodigality of our citizens. We have been spendthrifts. Instead of devoting ourselves to regular industry, the whole nation has been gambling in stocks, wild lands, and resorting to every conceivable means of sustaining luxury without labor. We have squandered millions of the accumulations of patient industry, and loaded ourselves with a foreign debt, of which we are already tempted to rid ourselves by a sacrifice of national honor.

The admission of many erroneous principles has accelerated the decline of political morality. Among others, I would mention the increased and increasing concessions to the will of the majority. Under our institutions, practically, the majority must govern; but there are limits which they cannot with propriety transcend. Even they should be obedient to the laws until they are constitutionally altered; otherwise the right of the majority becomes but a revolutionary right — the right of the strongest. But, even when this power is kept within constitutional limits, it should not be forgotten that there is often a wide distinction between the right to exercise a power, and the exercise of an acknowledged power rightly. To any erroneous principle involved in the wrong-doing of the majority,

the minority should never assent. Every individual who has a clear perception of the wrong should protest against it, nor (if the occasion is of sufficient importance) cease to express his opinion, and to enforce it with all his power of argument and skill in illustration, until that portion of truth which seldom fails to enter into an honest opinion is elicited, and produces its proper effect in modifying popular sentiment.

Rotation in office is another principle which has obtained almost universal assent, but appears to me to be fraught with injurious consequences of no inconsiderable importance. It seems to have been deemed republican to divide the offices as equally as practicable among the people, that as many as possible may enjoy the honors and emoluments which are derived from them. The plausibility of this view has probably given the maxim its general currency. This error would not be so important in itself, but that it necessarily involves another and a more mischievous principle, as it presupposes that the offices are for the benefit of the incumbents, rather than for the good of the people generally. The true principle obviously is, to procure for every office the man who, in filling it, can and will best promote the general interest. By making their situations permanent, so long as they do this, there will be greater inducements for suitable men to accept them; more encouragement and more opportunity for them to qualify themselves for the particular duties which devolve on them, and to discharge these duties with skill and fidelity; and less temptation to sacrifice reputation, by seizing the opportunities thus offered to make them the means of great immediate gain. Subject only to be removed for want of ability or integrity, they would have more and more indepen-

dence and pride of character; the standard of thought and action would almost of necessity be higher, and they would no longer be the pliant tools of any party which happened to be in power.

The principle of rotation also enables the ruling party to retain a host of greedy expectants, who hang upon the hope that their turn is coming. We may form some idea of the addition which the adoption of this principle makes to the power of executive patronage, from the fact that, on one occasion, there were fifteen hundred applicants for the office of marshal in one of our judicial districts. Those who hold offices, added to those who expect them, with the numerous relations and friends of both who are induced to act with them, make a very large combination of voters, influenced by selfish or private motives, rather than by those considerations of public benefit which should always determine a man's political actions.

It is true that this effort, so far as party influence is concerned, is in part neutralized by the party out of power, taking upon themselves to promise to their adherents all the offices in the possession of their opponents; but both causes unite in degrading the expectants, and destroying political morality. It is putting up all the offices of the country to be scrambled for once every four years. The dignity of self-government is thus destroyed, and the generous impulses of freedom converted into sordid calculations of personal interest.

If men were dismissed from office only because the public good required it, there would be an end of these several causes of political degeneracy. The officers of the government would be relieved from the suspicion of interested motives in advocating the political opin-

ions of those who have the disposal of the places they occupy; and suspicion has of itself an influence on the integrity of men, which few have the moral courage to resist.

If in any officer there is such a concentration of power or patronage, that his continuance in office might enable him to obtain the mastery of the people, frequent changes will in such a case be necessary to obviate such danger.

The party now expected to come into power will apparently be strong enough to do right, and even to be generous; and though the previous appointment of mere partisans may render it both expedient and just that many changes be made, it is to be hoped it will very soon adopt the principle, that no man is to be proscribed for his opinions, or displaced merely to make room for another, no better qualified than himself; and thus discard this fruitful source of corruption.

The bold and shameless assertion of corrupt principles, especially when attended by their free exhibition as actually carried out in practice, is often fraught with more immediate evil to the morals of a community, than the mere covert employment of similar means. When such assertion does not shock, it makes a lodgment in the public mind, and the general sentiment is degraded. In this view, the open and unblushing avowal of a combination of the office-holders to affect the elections by appropriations of money from their salaries, is perhaps the most direct attack which has been made on the morals of the country, for it is the most outrageous and flagrant attempt to destroy the purity of elections.

But, great as is this pernicious influence on the

minds of the community generally, it is still greater upon the individuals of the combination. What more natural than that they should look upon offices, thus obtained, as bought and paid for, for their individual use and benefit; and what more probable than that they will feel a sort of right so to use them, and to make up by peculation the sum they have contributed, or even to make the account lean to the winning side? For them a more corrupting system could hardly be devised, and through them it must extend itself very widely in every direction. That they have a right, and may properly exercise the right, to express and vote their honest opinions, will not be denied; but their having, in the present arrangement of parties, a personal interest in the result, should make them modest in pressing those opinions. It is also to be apprehended that, swayed by this personal interest, they are led to devote a portion of the attention necessary for the discharge of their official duties, to electioneering purposes; thus using that time for which they are paid to serve the public, in propagating their private opinions for private benefit. Their combining, and using money at the elections, needs no comment.

The narrow and one-sided views, growing out of sectional interests and party prejudices, present us with another important element in the decline of national character. As a people, we are proverbially obnoxious to sectional feeling. We have no common appellative, under which to appear as one and indivisible; no name for pride of country and patriotic feeling to rally under; none around which the poet can gather the deeds of valor, and give us one inspiration and one inheritance in the heroic virtues of our ancestors; none

around which he can associate all those emotions, which kindle enthusiasm and inspire devotion to country, and which render a poetic name so influential on national character. Ours answers none of these purposes. It must ever remind us that, though united, we are still *states*, — separate and distinct states, with separate and distinct interests. It is perhaps well that we should always be thus reminded of this fact. It will have its influence in preventing the encroachments of the general government. It will resist the establishment of a standing army, and aid in preserving all the rights of the states. But the benefits of this distinction bring with them the evil of local jealousies, and lead the members of our national councils, too often, to consider themselves as the champions of *particular portions*, rather than as legislators for the *whole* country. This obscures and contracts those grand and enlarged views of national feeling, which a more elevated course would illustrate and expand.

It has also become too common to exact pledges from the candidates in office. This degrades the individual selected to a machine. He acts under no moral responsibility. He goes into the national councils, not to exert his own talents, to exercise his own judgment for the common benefit; but simply to vote the will, or advocate the views, of others; not to learn the condition and provide for the wants of the whole country, but simply to do what he has promised or been required to do, by a small fraction of it. We might almost as well send a representative made of "wood and wire, and sole leather," as of flesh and blood, with a mind trammelled, and not at liberty to think or to decide for itself. Would it not be obviously better to select good men, whose ability and in-

tegrity can be relied upon, and leave them to act as, upon consultation with the representatives of other sections, may seem to them most for the general benefit? To the views of their constituents they would add other means of information. Their thoughts would be more concentrated upon the subject, and more correct results might reasonably be expected. In any event, with good men at the head of our affairs, we should incur the least danger from bad measures. Requiring pledges lessens the chance of a selection of such men in two ways. In the first place, many of the best men will not accept office with such conditions; and, in the second place, it apparently enables the people to dispense with character and talents of a high order; for neither are absolutely required to reiterate their sentiments, or vote as instructed. It holds up a false appearance of protection from political dishonesty. Honesty, being no longer requisite, is superseded and banished. Character is no longer deemed of that importance which is its due; and is not guarded with that scrupulous care which a higher appreciation of its value would induce. Hence, the practice of requiring pledges is another cause of political turpitude.

But, of all the causes which tend to deteriorate our national character, there is probably none more efficient than the influence of party discipline in restraining the freedom of individual thought, and the candid expression of individual sentiments and opinions. By this agency, a large proportion of the thought of the country is annihilated. The community, organized and drilled under two sets of partisans, implicitly follows as they dictate, and either does not think at all, or, if its thoughts lead it to conclusions at variance with

those of the party, they are wholly nugatory; they neither impress them on others, nor act in conformity to them themselves. For our political regeneration there is perhaps no element more needed than free thought, and an honest, earnest, and fearless expression of its results. We need individuality of character, that men should separate themselves from the conglomerated masses, and think and act under the feelings of individual responsibility, with truth for their only object; that they should have the moral courage, singly if necessary, to judge of public men and public measures by their intrinsic merits without reference to the party with which they are associated, and freely to express their opinions. There would be even more hope of a people who thought wrongly, than of one who did not think at all. It may be objected to this individuality of action, that union is necessary to strength, and that no important political results can be reached without it. This objection would not apply to any case where only one question was pending at a time, nor perhaps to any case whatever, except the selection of an officer whose duty it might be to decide a number of questions. In this case, the better way would generally be to select the individual best qualified for that duty, and trust the decisions to him. This would obviously be the safest mode, if questions unknown at the time were liable to arise for his decision, as is generally the fact.

If, however, the candidate were previously pledged to particular measures, the man who had thought for himself would, of course, support the one whose pledges most nearly coincided with his own conclusions, or who, according to his views, would best subserve the public interests. For this task he would certainly be

as well qualified as those who acted without having thought of the merits of the question involved. If such men should sometimes appear to injure the party with whom they more generally united, by opposing their measures, they would more frequently be able to obtain a candid hearing from their opponents, by which they might at other times more than compensate for any loss thus occasioned to their friends. Such men would not, except in times of national difficulty, be likely to be called upon to assume the cares of office; but they would at all times have the satisfaction of rendering essential service to their country, by instilling correct principles, and encouraging action from honest motives. Thus they would neutralize the violence of factious spirits, and break up the rigid lines of party divisions. This would prevent those extremes in legislation, which are almost equally injurious to whichever side they oscillate. One party is displaced, and another coming into power, pledged to an opposite course, changes the policy with a rapidity scarcely less detrimental to the country than a perseverance in bad measures.

In the change of administration now expected, as in all similar cases, it is to be apprehended that alterations will be made merely to preserve the appearance of consistency in the victorious party, or to justify the censure so liberally heaped upon most of the measures of those heretofore in power. It would be well if legislators, instructed by an ancient apothegm, would, in their innovations, take a lesson from that greatest of all innovators, *time;* which changes so slowly as to mock the senses. This, so far as the action of the government is concerned, would prevent those sudden changes of value which lessen the security of the in-

dustrious in the product of their own labor, and often transfer it to the idle capitalist without any just equivalent. In regard to the business of the country, the great evil has been, not so much in the mode of government interference, as in its interfering with it at all. The laws of commercial intercourse being once established, nothing more is required in that department of legislation, except to perfect those laws by such alterations or additions as experience may direct.

Our system of revenues necessarily brings the government in contact with our business pursuits, and, in this particular, I believe nearly all parties have become satisfied, by numerous experiments, that sudden changes are prejudicial even to the apparently favored class.

As a young and vigorous nation, we are bold, I might almost say reckless, in trying new projects. We keep other countries in a state of continual astonishment. They seem to be always saying, What will, or what will not those Yankees try next? But, after a period of success which made us the envy and admiration of the world, we have met the common fate of excessive enterprise, and are now held up to exhibit the folly of deviating from the established modes of business, and running wild in new experiments. It is to be hoped that we shall ourselves learn wisdom, and grow more cautious, as we grow older. We are in no danger of going into the extreme in this direction. Our free political institutions must always generate an elastic spirit, which will exhibit itself in free action, bold and probably excessive enterprise. This, if an evil, is the minor one, and must be borne.

We have now adverted to what we deem the principal causes of the decline of national morality. To

recapitulate: the degrading influence of the means resorted to in our political contests; the general want of elevated thought and character; the spirit of lawlessness encouraged by the expression, "I take the responsibility;" abuse of the press; public and individual prodigality; rotation in office, increasing the power of executive patronage, and multiplying the number of those who act from private instead of public considerations; the combination of office-holders to influence the elections by personal effort and contributions of money; the influence of sectional interests and party views, making legislators mere champions for measures of local or partial utility; the requiring of pledges from candidates for office, and making those pledges a substitute for the better guaranty of character; the want of individuality of character, of free thought, and of earnest and fearless expression of its results, unswayed by private interest, and untrammelled by party; too sudden changes of policy, discouraging regular industry, and stimulating inordinate speculations; the unnecessary interference of the government with the business of the country; an excessive enterprise, inducing reckless experiment and bold adventure.

The remedy for this formidable array of evils I apprehend is to be found only in the improvement of the moral and intellectual condition of the whole people. And yet, I fear too much reliance has been placed on the general diffusion of mere knowledge by means of common schools. This is a necessary step, but it is only a step. It is not only necessary that we should be educated, but that we should be *elevated*. A people, to govern themselves well, must have elevation of thought, liberal and comprehensive views, and lofty

and inspiring sentiments. To this, as the main object, every well-wisher of his country should direct his efforts. The talents of the country and the power of the press should be united in it. Let us be an elevated people, and our institutions are safe. Without such elevation we may sink into anarchy, or fall into the arms of despotism, at any moment.

But allow me here to recur to our state provision for general education. I blush to say that the lottery system is still resorted to as a means of obtaining a portion of the funds applied to that object; that it is procured by legalizing a system of gambling, fraught with perhaps more evil consequences than attach to it in any other form; thus demoralizing the people that they may be taught to read and write. Why is this still permitted? Have our legislators never reflected that it is easier to educate an ignorant than to elevate a degenerated people; or that, if we must choose between the two, ignorance with innocence is infinitely preferable to knowledge with vice? And, as a gift for the benefit of the poor, to what does this provision amount? It is a well-known fact that lottery tickets are sold most extensively to that class; stimulated by the hope of acquisition, to which they see no other path open to them — ignorant of the calculation of chances, and duped by the ingenious allurements of the venders, they too often invest their little savings in this way. It is equally notorious that a very small portion of the tax, actually paid in this mode, is available for the objects for which the lottery grant is made. By far the greater part is usually absorbed by the expenses and the profits of the managers. It is clear, then, that, for the sum appropriated to the education of the poor from this source, they themselves

pay a much larger amount. Instead of a *gift* to the poor, it should be termed a *fraud* upon them. This is peculiarly unfortunate in our State, whose institutions especially demand that legislation should be liberal to that class; that their interests should be kept steadily in view, and every reasonable concession made to them; that, in fact, the government should be to them a better one (as I believe it has been in many respects), than if they participated in its powers.[1] The appropriation, however, even in this mode, indicates a determination to furnish the means of general education at any cost, and there probably was a time when a more direct tax for that purpose would not have been submitted to. I hope that more just and liberal views now prevail, and that the honor of our State will not long be tarnished by the foul system of raising revenues by dishonest means from those who are least able to pay it.[2]

If I have dwelt on the evils of our system of government, and have not portrayed its better features, its manifold virtues and benefits, I assure you it is not that I regard them lightly, but rather from an earnest desire to see them perfected and perpetuated; to see this grand experiment of free political and religious institutions successfully carried out, and forever stand as a monument of the ability of man for self-government. I have spoken under a firm conviction that this is not a time for flattering speech; that the crisis demands that we should have a full knowledge of what is necessary to be done, and that we should press for-

[1] This discourse was made before the alteration in the constitution of Rhode Island, which extended suffrage.

[2] The lottery system was abolished soon after the delivery of this lecture.

ward to its accomplishment with a determined spirit. Vigilance and activity are among the conditions of self-government. When we relax from the constant effort which it requires, others assume the office for us, and despotism commences. The public ought never to suffer themselves to be lulled into a state of false security, or watchless repose.

The recent contest, though exhibiting a great want of elevation, has been marked by an intensity of interest, and a devotion to the cause espoused, which shows that the people are everywhere alive to the importance of the subject. It only remains to direct their feelings by rational means to rational ends, to ensure a government as perfect as the condition of humanity will permit. Let us be elevated, and a glorious destiny is ours. If we sink into corruption, our fall will be but the more signal for having aspired so high.

CIRCULAR LETTER ON SPECIE PAYMENT.

MOBILE, *January* 10, 1843.

THE condition of the Markets in the specie-paying States requiring a reduction in the prices of most of the articles I furnish to Planters, I have on reflection concluded to make the same in this State, and hereafter make my bills payable with exchange. I have long looked upon fluctuating currency as a very serious evil, and as such have felt a great repugnance to dealing in it. I have accordingly heretofore declined all agreements specially to receive it in payment, and sent goods, as a general thing, at same prices as I obtained for them in good funds in other States. I have, however, not refused to receive the currency here for bills paid at the time they fell due, and have consequently been a loser by it to some extent. The pecuniary injury to the State I think is obvious, from the fact that out of the usual season of sales of Cotton the foreign creditor is paid at the rate of twenty-five to sixty per cent. premium for good money in currency, which a few months after is bought back with Cotton at the rate of ten to twelve per cent. premium, and this difference is lost to the consumers in the State — manifestly a very losing operation to them. Besides, the moral influence of speculating in the chances of a rise

or fall in the value of the currency which must be involved in operations upon credit payable in it, being in fact a species of gambling, I deem a greater evil to a community than any pecuniary loss. I have never seen it long continued without a great diminution of confidence.

With these views, I am unwilling to deal on the principle so generally adopted of adding to the price of the articles sold on credit to cover the risk of loss by depreciation of the currency; and think the only fair and proper mode is, to put the goods which are sold on credit at the fair par money price, and receive payment, if made in depreciated currency, at what it is worth. If the Planter buys on this principle, he certainly incurs no risk of loss, *provided he makes his bills payable at the time he sells his crop*, as of course he then takes the currency at its actual value, or, which is the same thing, the price of his Cotton is nominally as much enhanced as the money he receives is worth less than par. It now appears very probable that the currency of this State will ere long be on a specie basis: and it is manifest that in that case the consumer who buys at the price in depreciated money and pays at maturity in specie funds, makes a loss, which he who contracts originally at the specie price will avoid.

I am aware that in making this change I give up the pecuniary advantage which might accrue to me from the change in the currency which I think must soon take place, and which might be considered but a fair offset to the loss I have incurred by the depreciation; but for reasons already alluded to, I am unwilling to act any part tending to sustain a mode of business which I think injurious in its pecuniary and moral

tendencies. I will, therefore, adopt the plan I have designated, and think you will agree with me that it is the most fair and proper mode, and at the same time the most safe and beneficial for the purchaser.

The charge for Woollen Goods will be reduced about ten per cent. from last year's prices — Cotton Goods about twenty per cent. — Hats about twenty per cent. The charge for Shoes will depend much on the price of Leather, in which there is yet no material falling off, but it seems probable that it will partake, partially at least, in the general decline. You will observe that the reductions thus made average more than the usual rate of exchange at the season at which the bills are made payable.

I will continue to fill the orders in hand on the conditions herein stated, unless otherwise advised.

I remain yours, respectfully,

R. G. HAZARD,

Of Peace Dale, R. I.

THOMAS LESESNE, Agent in Mobile.

SPEECH IN THE HOUSE OF REPRESENTATIVES ON THE FUGITIVE SLAVE LAW,

FEBRUARY 21, 1850.

THIS is an exciting question, arousing sectional animosities, and one in which I am peculiarly situated. After the remarks made yesterday, it is evident that the responsibility of excluding these resolutions from the report of the committee, and of recommending so little to be done, must rest on me. And it is said, and probably with truth, that I am by descent, by the interests of business and the ties of friendship, more closely allied with the South than any other man in this House or perhaps in the State. I will not occupy the time of the House with personal explanations, but these circumstances have given me opportunities of observation which I would gladly make available to allay the irritating influences growing out of this subject. I will not, however, whisper peace when there is no peace, and I am convinced that the slave laws are so repugnant to the moral sentiments and to the religious convictions of this section, that there can be no peace until they are repealed, or suffered by common consent to become a dead letter. But the North and the South do not understand each other. The people of one age or country, looking at isolated facts, will often find in another age or country, institutions and customs so abhorrent to their notions of right that they

will conclude that hardly a vestige of humanity could have remained to those who permitted such enormities, forgetting that on the moral body, as well as the physical, repulsive and disgusting ulcers may exist, while the health and tone of the general system is but slightly impaired. Let me explain. In the early history of France it is said to have been found necessary to enact that a nobleman returning from the hunt should not slay more than two peasants to obtain blood to bathe his feet. Yet these same nobles, of whom, in view of this law, we would predicate only a selfishness the most intense, vile, and unprincipled, under the influence of an ennobling sentiment and a generous and romantic chivalric feeling, would, with self-sacrificing devotion, have poured out their life-blood in the defence of female honor and for the protection of female virtue; and that human nature was not then and there wholly depraved, is evinced in the fact that this people progressed, and subsequently took the first rank in arts, science, and civilization. And there was a time still within the reach of history, or of tradition, when a privileged class found their gratification in driving people to madness. They accomplished this by the aid of a subtle poison, which made men frantic under its influence — they would almost immediately rend their clothes in tatters, and make themselves haggard and loathsome by violence inflicted on their own persons; and their moral nature being depraved thereby, they would abuse those whom nature commanded them to protect; would beat their wives and children, and thrust them out into the storms of a wintry night. And those who inflicted this monstrous injury were not only protected by society, but were, by law, allowed the further privilege

of confiscating to their own use the property of their victims; and even allowed, with only the formality of taking a scroll in their hand, to enter their houses, despoil them of every comfort, rob the suffering wife of her apparel, and take the last morsel of bread for which her famishing children were crying. This poison was easily administered, for by some infernal art it was so subtly concocted that as soon as tasted it produced an uncontrollable desire for more. And when with advancing light society attempted to abate these privileges, they claimed them both by natural right and long prescription, and endeavored, at least, to hold them for another generation, by inducing children to taste, and thus to contract that irresistible desire which even strong men in the maturity of their strength could not control.

But the community which permitted this was not wholly depraved. This privileged class themselves were not mere demons, but men who fulfilled most of the good offices of life much as their neighbors did; and the legislators who heard the humane remonstrance against this diabolical attempt to seduce innocent and unsuspecting children by mixing this poison with harmless fluids and attractive comfits, and thus hurry them through a frantic and suffering life, to hurl them down the precipice of crime to a premature death, and into the abyss beyond with levity and sneers, were not the incarnate fiends which one looking at their acts from a point elevated above the influence of habit, custom, and familiarity with such atrocious deeds, might infer, but strange, and even paradoxical as it may seem, were good, honest, kind, and even humane men.

I am not here as the apologist of slavery. My own

convictions are that it is the worst existing form of society for all concerned, and I would perhaps even admit that it is worse than the institutions I have just portrayed. For though the life of the slave is protected, I know of no law which restrains the master, his son, in the hot blood of youth, or his overseer, almost of necessity degraded by his occupation, from sacrificing only two victims for the gratification of his lusts, and he can even without the formality of the scroll inflict the injuries I have mentioned in the other case.

Such parallels should, however, teach us charity, and I would that mankind should avail themselves of this power of seeing each other's defects for mutual improvement. I would that even he who has the beam in his own eye should, so far as his imperfect vision will admit, kindly aid to pluck the mote out of his brother's eye.

I do not, therefore, reproach myself that I have never fanned the flames of sectional discord, or that I have not united myself with any of those associations whose humane and earnest efforts I highly appreciate. What I have said or done on this subject I have said and done individually and openly, in the strongholds of slavery, in the prisons of the chain gang, and in the courts of New Orleans. That was perhaps the most earnest effort of an active life, to reclaim from a bondage more cruel than that of servitude on a plantation, a number of men seized and put to work in fetters upon the streets, without any process of law. Though repeatedly threatened with lynch law by the officials, I received at least encouragement from many of the Southern planters to whom I stated the cruel wrongs and injustice to which the

negroes in the chain gang were subjected. I well recollect the energy of tone and gesture with which an owner of several hundred slaves, as I recited these wrongs to him and others of the same class, rose and said, "My God, I 'll go into that myself." The result was that after some months of effort, with the aid of eminent counsel[1] who declined the offer of a large fee, but incurred the labor and the obloquy from humane motives, we obtained from the grand jury a presentment of a number of the officers of the city with instructions to the prosecuting officer to proceed against them for their cruelty to the negroes in the chain gang, and a large number of them were set at liberty. Even this institution, certainly appearing to us the most demoralizing of any now in being, has not made such destruction of general humanity as would have been anticipated.

It is generally conceded that we must not interfere with this institution in the States by enactments of the general government, and it seems hardly fair that they should ask us not only to let them alone, but to insist that we shall become what they themselves most heartily despise, *slave-hunters*. Every man of any sentiment among them knows how he would feel degraded by performing such office, but still, familiarized to it in others, they cannot comprehend the horror with which it strikes the moral and religious feelings of the free States, outraging all our institutions, all our feelings, and all our convictions of duty. I would freely state my own convictions and my own determinations in the matter. The people of New England never will become the executioners of this law, and the sooner this is made known the better.

[1] Mr. Jacob Barker.

There are terrible consequences of such outrage upon the moral nature as the execution of this law involves, — terrible in their realities and in their certainties, and still more terrible in the horrible phantasm, the hideous apparitions, the nightmare spectres, which an avenging conscience would summon from the realms of the imagination and the shades of obscurity, to harrow up the feelings to torture and madden the brain.

Oh God! I take not thy name in vain when I ask if it be by thy law that I am commanded to thrust this barbed and venomed dagger into my soul! — But I wander. The thought, the mere imagining of such a deed makes reason totter. What, then, is the reality? Tell me of penalties! Warn the hardy mountaineer against the drizzling rain when an Alpine avalanche is crushing his dwelling, and tell me of the penalties of the law, of the estrangement of friendship, of unpopular agitation and popular censure, when my soul is about to be whelmed in a guilty delirium. No! — Ambition has no lure — love has no charms — earth no power — the law has no terrors — the arch-fiend has no subtle art — life has no blandishments — eternity no hopes to move me to such atrocious deeds! Heaven could not tempt nor hell beguile me to such wrong. The abyss of annihilation itself might open before me, and I will plunge into its abhorred and awful depths rather than become that most despicable, that, even in the eyes of interested slaveholders, most vile and execrable of all created things, *a slave-catcher.*

RELATIONS OF RAILROAD CORPORATIONS TO THE PUBLIC.[1]

THE introduction of railroads is making changes in the business of the world, of which we cannot yet appreciate the importance, or predict the consequences.

The fact, obvious on slight investigation, that in the aggregate the cost of *distribution* bears a large ratio to the original cost of production, suggests the magnitude of the results which may be expected from this new mode of transportation, and its probable effects on human industry. A change so momentous in a cardinal department of trade will probably require some alteration, or some modification in the application of the laws which have heretofore regulated this branch of business. The law of "common carriers" has, however, been so perfected by the thought of profound civilians, aided by the results of long experience, that it now embodies an amount of well-settled principles, which will go far to enable the judiciary to meet the emergency created by railroads, though it can hardly be expected that they will meet every case arising under a system so different from that which they were intended to regulate.

A prominent and very important difference, which

[1] From Hunt's *Merchants' Magazine* for December, 1849.

at once presents itself, is the *absence of competition* on the line of a railroad. This deprives the system of the usual and best means of fixing the rates of charges, and of protecting the public from imposition. A railroad is in *fact* a monopoly of the transportation on and near its line; for it will be long before rival roads will be built side by side, so as to compete for the same local business; and the question arises, in what way shall this inherent difficulty be obviated? It is important to railroad companies, as well as to the public generally, that this problem should be settled with as little delay as possible, or as soon as we shall have obtained the prerequisite experience.

At present we can only hope that our suggestions may tend to its solution, and direct attention to some collateral questions involved in the inquiry. Among these, there are two arising from claims made by some companies, which we deem it important at once to discuss. First, they allege that they have the right to manage their roads as they would any other property, solely with a view to making the largest profits, and without any other reference to public accommodation than their own interest dictates. And, secondly, that they can rightfully charge as high rates as they choose, and vary their charges, carrying for some persons at one price, and demanding more or less of others, for similar service.

If these claims are well founded, a legislative grant of a railroad charter confers on the grantees the power of controlling the collective and individual business of the whole section which their road traverses; for railroad facilities have become a part of the general progress of the civilized world, and that portion which only derives a partial benefit from them cannot com-

pete in business with those which have all the advantages arising from their use. A company with such powers could say, we will do the transportation at such price as will just give our road the preference over the old modes of carriage, so that the advantages to the community shall be the minimum, which will insure to us the maximum of profit. It is evident that in such case the public might be debarred nearly all the advantages consequent on railroad improvements, and the business of a community be destroyed by competition with those more favored by such improvements. And yet it is seriously argued, that inasmuch as the public will not change from the old mode unless the new be more advantageous, that still the public are benefited, and the company fulfil their obligations. This argument would be better grounded if the mechanical improvement, and the right to use it on their route, were the exclusive and earned property of the company, as well as the road itself. But this improvement is the common property of the age, in the advantages of which all have an equal right to participate; and the natural advantages of the route belonged to the community, the right of appropriating them having been granted to the company by the legislative power, which itself had no right to make such grant — and especially when including the power to take individual property for the use of the road — on any other ground than that of public benefit.

In the very nature of the grant, then, there is an obligation on the part of the grantees to use their franchise for public accommodation. The right of the public in such cases, and, indeed, the whole subject, is yet new, and opinions have hardly been reduced to principles. Let us test these claims by

analogies presented by older discoveries. As we have before observed, the grant of a railroad charter is in effect a grant of a monopoly, from the nature of the case. Suppose, then, a legislature should confer upon a company of publishers the exclusive right of furnishing, upon their own terms, printed books and papers to any designated community, and that under this grant the company should adopt the rule of selling at a price which should just give the printed a preference over manuscript copies — could there be any possible justification for thus cutting off a community from their share of the advantages resulting from the discovery of printing, now the common property of mankind? We can hardly bring ourselves to imagine such an outrage upon the rights of a people; and yet, to make the case parallel to that of a railroad company having the power to charge at pleasure, we must give the publishing company the additional power of taking, for the accommodation of their presses and storehouses, the private property of any individual of the community, paying him, not what he may agree to sell for, but what others may award him.

The effect, then, of a grant to a railroad company, with power thus claimed, upon the business of the community *generally*, might be to arrest all progress, or to make any progress merely subservient to the income of the road; for as fast as business sprung up, and particularly business requiring permanent investments, the company could absorb all the profits of labor and capital in the charges for transportation.

But the exercise of the second claim, of the right to make distinctions in the charges to individuals, or communities, would be attended with consequences still more disastrous and dangerous to the public. This

would give the company not only the control of the whole business to be done, but would enable them to say who should do it. They could say to the town of A, disposed to favor them in turn, We will transport for you for one-half the charge to your rivals in the town of B, who do not choose to submit with a good grace to our requisitions. And they can say to any individual of this favored town, who may be disposed to question the propriety of their conduct, We will charge you more for transportation than you can afford to pay, and as the road has now taken the place of all other modes of carriage, you cannot pursue your business at all unless you submit to our terms, or by a more conciliating course obtain our favor. They can say to the proprietors of one line of stages running to their road, we will convey your passengers for less than those of the rival line; and in this way it is manifest that the business must soon fall into the hands of those who would be most subservient to the company holding such extraordinary powers. This control of the business would almost of necessity run into a controlling influence in politics, and the legislators who made the grant might soon be made sensible that they must become the humble servants of the *board*, perhaps mere stock-gamblers whom they have armed with such formidable power, or yield their places to more pliant occupants.

When, during the recent revolution in France, it was proposed that the government should take into its charge the industrial pursuits of the country, did not every one here perceive that it would lead to a despotism of the most intolerable character — to a system under which those in power could always present the alternative of submission or starvation? Against a

railroad company exercising a similar control over the industry of the country, we should not even have the doubtful remedy of the ballot-box.

We have already seen one State struggling for supremacy with a company whose road traverses a small portion of its territory. We saw its citizens suddenly awakened to a sense of their danger by an apprehension that the company would get the control of the judicial appointments. The State trembled, yet made an energetic effort to avert such an overwhelming calamity. But no sooner had they pointed a spear at the first iron horse, than they found that the coils of the serpent had already been insidiously thrown around them, and the effort now making by the State to extricate itself and its offspring from the crushing embrace of the monster appears as convulsive and almost as hopeless as that of Laocoön. What, then, may be the influence of a railroad, or a combination of roads, running so as to control the business of a large portion of a State, and under the management of some talented, energetic, and unprincipled autocrat of Wall Street, with his plotting, subtle advisers?

It evidently behooves us, at this early stage of the railroad movement, to seek a remedy, or rather a *preventive*, of such dangerous perversion of chartered power; for when it has once gone so far as to control the official appointments of a State, including the judiciary, there is no *remedy* short of revolution. Having reached that point, the company is as absolute as the Emperor Nicholas, and without his responsibilities and ambitious aspirations for the improvement of his dominions. Those who come under the yoke of such petty tyrants will find themselves in much the same

condition as were the natives of the conquered provinces of Hindostan, who, under the direction of the East India Company, were ruled by nabobs having no feeling in common with the governed, and no love or pride of country to neutralize their baser feelings, using their power merely to extort from a subjugated people every shilling which toil and privation could yield, to gratify the rapacity of their principals, who, actuated by the conflicting influences of public indignation and private avarice, instructed their officials to "be merciful, but send the rupees," — "do not treat the cringing natives so cruelly, but *be sure* to send the rupees."

In the case already alluded to, public indignation, long since excited, appears as yet to have gained from the company little, if anything, more than a diminution of the rudeness to which passengers have long been subjected by the agents of the road, but who seem now to be acting under the new orders to "be civil to travellers, but take their money; to be less insolent and abusive, but be sure to get the dollars."

We say, then, it behooves us, at this early stage, to seek the *preventive* of such abuses; and this, we apprehend, is to be found only in holding the railroad companies rigorously to the performance of their duties, and to a strict impartiality in fulfilling them. With regard to these duties, the time has, probably, not yet arrived to fix them with that precision which longer experience will dictate; but on this point we would remark, that the companies deriving their privileges from the public, on the very ground of public accommodation, makes it their duty to give such accommodation in return; and the grants being in the nature of a monopoly, requires that the interests of

the public should be carefully protected. All the circumstances, indeed, seem to point to the necessity of such protection. Individuals who carry for hire are more or less under the influence of those reciprocal, social obligations and moral considerations, which have no little effect in harmonizing conflicting interests, and establishing customs in conformity to justice. Standing face to face with those for whom they perform the services, they are ashamed to be extortionate, even when circumstances would permit them to be so with impunity. The mysterious "board" which constitutes the *soulless activity*, the *unmoralized will* of a corporation, knows no such ameliorating influences.

The measure of accommodation and the rates of compensation would, at first, appear to depend very much upon the circumstances of each particular road, as the necessary expenses of construction, the necessity of high grades when constructed, and the amount of business which the location affords. All differences arising from these circumstances will, however, be found to be embraced within very narrow limits, for the sagacity of those interested will, and for the greatest benefit of the community ought, to seek out those locations where the business indicates that the expenditure of the same capital will give the greatest return on the most reasonable rates of transportation. A road will not be built through a sparse population doing little business, unless it connects important points furnishing a large amount of transportation, or makes one of the links of a chain between such points; and to withhold from the residents on such a route the usual accommodations, or to charge them extraordinary prices, would be to take from them the natural and

incidental advantages of their position, and transfer them to the railroad company, without any equivalent. Besides, the tendency of business to concentrate on the lines of railroads when the proper facilities are given, is such that the interest of a road so located would obviously, in the end, be promoted by a liberal policy. If it will not pay at reasonable rates, it probably will not pay very well at higher, and with no chance of improvement by increase of business. The profits of the company, on capital invested, will not always furnish a criterion for compensation, for they may have expended a much larger amount than necessary, and to allow them, in such cases, to charge in proportion to their outlay would be making their imprudence or extravagance a burden on the public, or would be allowing them to take and squander a portion of the advantages which of right belong to the community. If, then, the cost is to be an element of charge, it should be with only such allowances for injudicious expenditure as with ordinary prudence and skill will still enter into the cost of construction. Besides, as we have already intimated, the very reason why the road does not yield a better income may be that the small amount of accommodation, and the high charges, as compared with other roads, had destroyed the business on its line, or at least prevented its increase.

We do not mean to say that there should be no difference on different routes, but only that until the routes have been more closely culled, those which capitalists select will not vary so materially as might at first appear. On some of them the transit of cars will not be required so frequently as on others; and this difference in the expense of the company, for accommodation to the public, furnishes a means of equaliz-

ing the rate of compensation, admitting of much latitude in its application, and going far to neutralize the variations in the amount of business. This view is important, as showing that the customs and charges established on roads where there is competition, may properly be used to determine what they should be on roads where no such competition exists. But, whatever the proper amount of accommodation and rates of compensation may be, we apprehend there can be no good reason for allowing the proprietors to make invidious or arbitrary distinctions among those dependent on them for transportation, the injurious and dangerous consequences of which we have already endeavored to point out. Even in the case of common carriers, with all the facilities for competition, it has been found expedient to make it legally obligatory upon them to carry for all persons applying under the same circumstances, and for a reasonable price. In the absence of any specific law on the subject, these, with some additional obligation upon railroad companies, might be inferred from the very nature of their grant. This grant is for the benefit of the community, and to this benefit each individual of the community has the same right. To suppose that the legislative power granted such privileges as an equivalent for benefits to be unequally distributed at the pleasure of the grantees, involves a monstrous absurdity. That all the individuals of a community have equal rights to the advantages given in return for a railroad grant, seems indeed too obvious to require argument or illustration. Some general rules of difference in *articles* requiring, from their nature or quantity, more or less labor to transport, or involving greater or less risk of loss or damage, may be permitted; but all mere arbi-

trary distinctions are forbidden by public policy, as otherwise a road might often, by a *general rule*, extort from a few persons, or from a single individual, whose business required the transportation of materials different from all others carried on it. We arrive, then, at the conclusion that public policy and justice, both, require that the charges to each person having business done on a road should, as nearly as practicable, be in proportion to the services rendered, the charge for carriage being in proportion to the distance conveyed, adding a fixed sum for loading and unloading, where this is done at the expense of the road proprietors.

We will now consider how far the great regulating principle of competition may be made available in fixing the amount of accommodation to be given by railroad companies, and the charges for services rendered by them. They have not unfrequently claimed the right of charging much higher rates of compensation for way-travel and freight than for that carried over the whole road. This distinction has sometimes been carried to the extent of charging more for a portion of the distance than for the whole. For this they attempt to justify themselves by saying that competition between the ends of their road reduces the rate, but that no such competition can exist at the intermediate points, and therefore the communities at those points have no claims to the advantages which result from this competition. It is surprising to what an extent reasoning so preposterous has been admitted, and the result acquiesced in.

If a country merchant, having no competitor within several miles, should say to one of his customers, you, having no horse, cannot procure your goods except from me, and I therefore charge you more than I do

your neighbor, who has a good team, would he not shock all our common-sense notions of honesty and propriety? Would not a serious, direct avowal of such principles seem to be downright impudence? And yet it would not quite equal the principle avowed by the railroad companies just alluded to, for if *they* made any distinction, it should obviously be in favor of the community whose property has been taken for the convenience of the road, and who, on the other principle, might be compelled to give up the natural advantages of their position for a railroad, and to surrender their private property for its use, to give to others in the same business an advantage over them. But though such discrimination in favor of those on the line of the road would be more just and reasonable than to vary the charges to their disadvantage, yet even this is forbidden by liberal views of public policy. It might deprive the public of the most effectual guardianship of its rights, and, with our national organization, would be particularly liable to abuse. A road carrying cheaply for the citizens of the State in which it was located, might be left at liberty to prey on all others at discretion. For the very reason that there can be no competition at each particular point to regulate the rates of charge, public policy, no less than justice, requires that this competition between the two ends of the road where it exists should regulate the rates for the other points of the route. When it does not exist between the termini of the road, it sometimes exists between the termini of two or more roads taken as one chain, and the price to which this competition reduces the transportation of the competing freight or passage should govern the price of the local business. In this way, the great governing principle of business

competition would be brought into exercise on a very large proportion of the railroads, and these would furnish data from which to deduce the rates proper for those where no competition existed, either at their termini or at intermediate stations. This is the rate which the companies themselves fix, as one at which they are willing and desirous to carry; and it is not to be presumed that they will seek the business at less rates than justice to themselves and the public requires, and if they do, public policy demands that they should not be permitted to give those not on the line of the road a business advantage over those whose domain has been taken from them under the pretext of a common benefit. The necessity of direct competition on the lines of the roads being thus obviated, the companies might be protected from such competition with advantage to the public. The rules, then, demanded by public policy and justice, are, that railroad companies should extend all reasonable accommodation to the communities dependent on their roads for transportation; this accommodation to be judged of and regulated by the usages and customs which have been established on those roads where competition exists, due allowance being made for any other difference in the circumstances; that the compensation should be governed, when practicable, by the price received on the same road for freight subject to open competition, and, when this cannot be done, by the price of competing freight on other roads under similar circumstances; and that the benefits of the roads should be equally free to every member of the community, on the same terms.

SPEECH ON THE ACT TO EQUALIZE THE CHARGES FOR CARRYING FREIGHT.[1]

BEFORE asking the attention of the House to the subject of these petitions, and of the Act now offered for its consideration, I had hoped for a more full report of facts from the Railroad Commissioners. As they have seen proper to report only upon the difference of charges upon the local and through freight, which terms are conveniently used to distinguish that portion of freight which is received or delivered along the line of the road from that which is brought to its termini, from Boston by cars, or from New York by steamers, and for which the Stonington road only makes an intermediate link in the chain of communication between those two cities, I shall confine my remarks to this point.

The petitioners claim that they are entitled to the usual and reasonable accommodation and benefit growing out of the proper use of the road, and that the company have no right to make arbitrary or invidious distinctions, but that *all are entitled to the same value of service for the same compensation.*

[1] Delivered in the General Assembly of Rhode Island during the January Session, 1851, on the Act introduced by R. G. Hazard to equalize the charges for carrying freight on the Providence and Stonington Railroad.

On the other hand, the company claim that the road is their own, by virtue of an unrestricted charter and the payment of the land damages, — that they have a right to use it as an individual would use his farm, — to charge generally as their own interest may dictate, and to make such distinctions in favor of particular communities, or individuals, as they may deem expedient.

Let us look at the consequences of the exercise of the powers thus claimed.

In the first place, the company may refuse all accommodation to the public, and deprive them of all the benefits arising from railroad communication, of which, *by the terms of their grant, they hold a monopoly.*

It may be supposed that the pecuniary interest of the company is a sufficient guarantee against this, but they may have ulterior objects in view, they may wish to obtain further grants, or, if possible, still more extensive powers. Experience has already demonstrated this. For a long time the company did refuse to local passengers the use of a small portion of their road, obviously with the hope that the annoyance would induce those subjected to it to use their influence in obtaining from the city of Providence a site for a depot, on the terms prescribed by the company; and through the action of their attorney and director, then a member of this House, an opportunity was given to that portion of our citizens who suffered most by the arrangement, to do so, and with the hope of sharing in the common plunder of the city. The company evidently did not understand the character and temper of the people they were dealing with. They could neither be driven by the privation, nor lured by the proffered share of the spoils.

Now, what the company have done, on a small scale, for a small object, they may do on a larger scale, for a larger object. As I shall have occasion to remark in another connection, they have already threatened this, and if they have the power, the mere threat to exercise it may often accomplish their purpose, and induce compliance with their demands.

Or providing accommodation, the company may with those narrow views of their own interest, which the vulgar and avaricious are always liable to entertain, charge so nearly to the cost of transportation by the old modes, as just to give their road the preference, and thus leave to the public but an infinitesimal part of the advantages arising from the invention of railroads. Now, these railroad facilities have become essential to the business of the country, and no communities which have them not can long compete with those which have.

A very small proportion of the aggregate amount of business enters into the *net* profit, and a very small proportion of this net profit enters into eventual accumulation, — the cost of living absorbing by far the largest portion, — hence a small tax on the aggregate of business absorbs a large part of its profits, and all that portion which would go to accumulation, and even a less tax than the excess of charges by the Stonington Railroad Company, upon the business of its section, may arrest the progress of the community and transfer the business to others more favorably situated. The farmers unable to get manures brought to them cheaply, and their products carried away on reasonable terms, cannot compete in the markets with those having these advantages. As an illustration of this, I need only mention the fact that since this discussion assumed a serious aspect, and

within a very few months or weeks, the rate for bringing calves over one half of the Stonington road has been reduced from ninety cents to fifteen cents each. So that if the present charge is a reasonable one, the farmers have long been taxed seventy-five cents on each calf sent by them, or sold to be sent to this market; and this would reduce the price of the whole, as the price would be only what they were worth to send to the principal market, to which through all this time other farmers may have been sending at low rates of freight, with which those paying the higher cannot advantageously compete.

Manufacturers paying higher charges on the transportation of their raw materials and manufactured articles, would be in the same situation. Under such circumstances agriculture would languish, manufacturing be depressed or destroyed, and a people so situated could not enjoy the comforts, or make the improvements, or even keep pace with the advancing civilization and refinement of more favored sections. This extra charge is a tax on fixed property and local attachment. All enterprising persons having neither would remove from a location subject to such disadvantages. This of itself would have a great influence in reducing the value of property; for property anywhere is worth very little without the activity and talent which is necessary to make it productive.

Such a country would be desolated and reduced to comparative barbarism.

These are the results where the charges are unreasonably high to all; but the company under the powers claimed can also determine where, and by whom, the business along its line shall be done. They can put their published rates at a high point, and deduct-

ing to favored communities, build up one location and depress another at pleasure; or distinguishing between individuals, determine who shall and who shall not be permitted to share in the business of the section through which the road passes. Here, for instance, are two stage proprietors competing for the carriage of the same passengers to and from the road. The company allow to those conveyed by one line a discount and refuse it to the other. This other must soon abandon the route to his competitor. It was stated, and the proof tendered to the commissioners, that a stage proprietor had been obliged even to give up a mail contract, because the company refused to carry the passengers by his stage, except at threefold the charge to other lines over the same route.

Again, two merchants are competing for the supply of the same customers; — the company take flour to one for a small amount less than to the other, and thus give one a monopoly of the sale of that leading article, and this would almost of necessity carry with it the monopoly in other articles also, and his competitor must retire from the contest. The company may then reimburse themselves at the expense of the public, without injury to the favored individual now freed from his competitor. In the same manner the manufacturers and even the farmers may by extra exactions be obliged to abandon their pursuits, and to sell their mills or farms; and not to any one who may be inclined to purchase, but to some one *acceptable* to the company. In this way the company can drive from business all the dependent men, and fill their places with those only who are subservient to them. The Board, in its secret session in Wall Street, have only to determine it, and their marked men will

no longer be seen in the ranks of business. They will disappear as certainly as did those who were proscribed in the conclaves of the Inquisition.

The active business men being thus made subservient to them, the company could control the political power of the State. They have, in fact, the commercial power in their service, and this, next to those powers which are inherent in mind, is the controlling power of this age. It has risen superior to the sword, and the skill of generals and the valor of armies are now of little avail, unless aided by commercial credit, — they can be brought upon the battlefield, or led to the assault only in virtue of that mysterious agency which exists in the "notes of hand of Rothschild and the Barings."

Now, commerce depends on the ability to exchange the products of one section for those of another, and a railroad company monopolizing this ability at the point of production, commands the very portals of trade. An unrestricted charter is to them a Gibraltar fortress, and none can enter the strait without rendering to them the homage they require and paying them the tribute they demand.

The application of this power by a railroad company is obvious. If from fear of popular excitement or other cause, they do not choose to make the direct application which I have already suggested, they can foster the petty jealousies and rivalries which arise among communities and individuals, and which, if need be, the company can create, and extending their favor or patronage as they may deem most advantageous, gradually make subserviency to them the necessary condition to the prosperity of a community or the success of the individual. In this way they can

divide and conquer, until they subjugate the whole State. Precisely in this way a commercial company conquered what is now the British empire in India, and subdued a hundred millions of people.

Shall we say they were a puny race — that we are made of sterner stuff — that we are of Anglo-Saxon lineage —that the blended blood of those who so bravely resisted and of those who repulsed the Roman legions, flows in our veins? Turn to the land whose history records these heroic deeds. Where now the lineal descendant of that Teutonic race from whom we mainly derived our notion of political freedom? The foot of the oppressor is on his neck, and the degraded Saxon spirit only winces and writhes under its insulting pressure. And how has this happened? A people more imbued with the spirit of liberty, or with more of the courage and prowess necessary to preserve it, never trod the soil of Europe. And with these high energies were blended deep feelings, lively affections, and impressible sensibility. But they were deficient in vigilance, and they, who openly attacked at the sword's point would have successfully resisted oppression, or at the cannon's mouth have chosen the alternative of death to slavery, were not proof against that subtle, insidious policy, which gradually wove the meshes of taxation and patronage around them, and made the bread of wife and child depend on subserviency to organized power.

If, on the other hand, we inquire how it has happened that our English ancestors have escaped this fate of their brethren on the Continent, we shall find an answer in the fact that they always and at all hazards resisted arbitrary taxation.

But no despot ever claimed to exercise powers of

taxation more arbitrary and oppressive than those claimed and actually exercised by this company; affixing not only the aggregate amount of tribute, but extorting from each individual as their caprice, avarice, or malice may dictate. It is evident that through the exercise of the powers claimed the company can control the business, and through it the political power of the State. They can determine the election of a sufficient number of the members of this House to give them a controlling influence, and many of us would hold our seats, and you, Mr. Speaker, would then preside over our deliberations only in virtue of their favor or of their forbearance. Having obtained this control, they could then fill the judicial offices with their own creatures, ready to do their bidding — they would put a Jeffries or an Impey on the bench of the Supreme Court, and thus destroy even the hope of legal protection or relief. There would then be no remedy left us but one fearful to contemplate — the remedy of revolution.

Will it be said that this is carrying out the argument to an extravagant and chimerical extreme? We may profit by the events in a State not very far distant, where a railroad company whose road traverses a much less portion of its territory than the Stonington road does of ours, have obtained such political supremacy as to control the action of the State; using the money they extort from the public to gain power to extort more. A few years since they made a determined effort to get the control of the judicial appointments, but the people were aroused by the audacious attempt, and by an effort, almost convulsive, defeated their plans.

The effort of the company was premature, and I

fear it was only premature. But we need hardly go so far for illustration. Already the agents of the Stonington Company are seeking opportunities to take sides with one individual, or with one community, against another, or to hold both in their interest, by the hope of their eventual favor.

Already persons who complain of their exactions are threatened, and not only threatened, but actually punished for their troublesome interference.

Favors have been refused on the ground that the applicant for them attended the meeting at which the resolutions accompanying this petition were passed.

Already, too, the influence of the company is felt in our judicial proceedings. Witnesses are loth to appear against them, alleging their apprehension that the company will injure them in their business if they testify to facts in their knowledge, and the company intimate that they will refuse all accommodation to the public if the courts decide certain points contrary to their wishes: thus endeavoring to influence these decisions by exciting popular apprehension.

Recently a still more insidious policy has been adopted. The chief executive officer of the company traverses the road, proclaiming along its line that they have too many depots — that some of them must be discontinued. This is in the railroad tongue which it seems is beginning to be understood; for, of the several persons I have heard mention it, all have construed these phrases alike. Translated into plain English it is simply this: Attention, ho! — All you along the line of this road, be ready to perform your proper service — to assist us in obtaining a site for our depot from the city of Providence — lend us your influence in the approaching investigation before your legisla-

ture, and aid us in the several important causes now pending in your courts! If any of you falter in your duty, or waver in your loyalty, the depot, which is essential to your business, may be abandoned.

Against the exercise of such powers, thus artfully directed and thus insidiously applied, the business of no community is safe — the independence of no people is secure.

And who hold these extraordinary powers? If we are thus at their mercy, it certainly behooves us to inquire, that we may judge whether their designs are likely to be evil or charitable. In the first place, they are not of us — they have no sympathies in common with us, and no interest among us, except to exact the largest possible tribute.

It is well known that this road is controlled by the stock-jobbers of Wall Street. Now, I think, all having any knowledge in the premises will agree that though there may be many very honest men engaged in the buying and selling of stocks in Wall Street, yet among these stock-jobbers are to be found the most dangerous and unprincipled men in this country; and those more intimately acquainted, I imagine, will as generally agree, that among this latter class some of the active managers of the Stonington Railroad Company stand conspicuous — "by merit raised to this bad eminence."

In speaking of the Wall Street stock-jobbers, I do not mean to say that they are men who will commit murder, or rob on the highway; but, too cunning for that, they will set traps and dig pitfalls and rob those who chance to fall into them — men so prone to a crooked policy, that they will "plan some zigzag way into the pocket rather than plunge the hand directly

in." This character of them has been repeatedly recognized by this House. Whenever we hear of their taking an interest in any of our banks, we immediately suspect some villany, and appoint a committee to watch them, and I do not know that a case has ever occurred in which the results did not justify this suspicion.

The company, after having for a long time used our grant as a gang of blacklegs would use a pack of cards as mere material for gambling, and rid themselves of a large amount of their debts to our citizens and to others, without the troublesome formality of paying them, seem to have felt the necessity of more character, or at least of some decent reputation, to sustain themselves before the public. In this emergency, with their usual sagacity, they looked to the people of an adjoining State — a State in which there are, no doubt, many very honest men, though an acquaintance of mine, who lived there many years, insisted that all such had moved away; a State which, with much that seems calculated to elevate and refine the character, is still proverbial for its sneaking, sordid, crafty, over-reaching propensities, allied to an intelligent shrewdness and a hypocritical decorum, making up precisely the ingredients wanted by the Wall Street clique, — with the additional advantage of knowing something of the Rhode Island character. Between such parties, so situated, union was natural, and the alliance was consummated with appropriate rites in the temple of Mammon.

Here, then, Mr. Speaker, are the depositories of these alleged powers, and these the parties to whose moderation we must be indebted for the business prosperity of our State, and on whose forbearance we must rely for its political independence.

If our hopes rest here, they must here rest in death.

But before we abandon ourselves to despair, let us see if the claims to these powers are well founded. It is true, it matters little whether they are or not, if the company do in fact continue to exercise them; the result will not be the less disastrous that they are wrongfully exercised. They claim them by an unrestricted charter, which they seem to construe much as some immigrants to our shores are said to regard their newly acquired liberty, making free to knock down every man who chances to be in their way, or who asserts any liberty for himself.

Their title is from the State. Under it they can hold only what the State could grant, and subject to any conditions, without which the State could not grant. The State could only grant the right to take the property of individuals for the use of the road, on the condition of public benefit. The State could not make this grant for the exclusive benefit of the company.

Only imagine how supremely ridiculous any man would appear who should gravely say to us that he could make more profit from a portion of John Smith's farm than it now yielded, and ask to be allowed to take it on paying him, not what he may choose to sell for, but what other persons might award him. If the petitioner for this grant should offer to pay John Smith one hundred-fold its value, and the State as much more, the State could not do it.

The only ground on which the State can make such a grant must be public benefit, and the company must take the grant subject to this condition, or not at all. The amount of benefit is not specified, and the State cannot say to the company, you must give us the

greatest conceivable benefit, nor can the company insist that the State must take the least, but it must be a reasonable benefit; that is, the company must furnish reasonable accommodations to the public and at reasonable rates. Now reasonable rates in all business are what open competition brings them to. This is the best regulator whenever it can be applied.

To this accommodation and benefit all the citizens of this State have equal claim on the company, for it would be very absurd to allow the company to pay this benefit, due to the whole public, only to such citizens as they should select. They might select ten men or even one man, and with whom they could, no doubt, make an arrangement very satisfactory to both parties. It is, then, obvious that the company have no right to make such distinctions among citizens of the State.

Much less have they a right to make distinctions, giving to the citizens of other States a business advantage over those of our own. Can any one for a moment think that if a clause had been inserted in the charter of the company, conferring on them the right to make such discrimination against the citizens of this State, or even to give one portion of our own citizens an advantage over other portions, that it would ever have been granted?

The benefit to be received in return for the grant must have been intended for the citizens of this State — our legislature having no authority to legislate for any other. This, then, is the consideration to be paid by the company: *benefit, and reasonable benefit, to the public of this State;* that is, reasonable accommodation, and at reasonable prices, or such prices as competition, were it practicable, would produce.

So far as the local business is concerned, competi-

tion is not practicable, for the grant is a monopoly in terms, and if it were not, it would still be a virtual monopoly; and for the common interest both of the owners of the road and the public, it should be so, for one road can afford to do the whole business much cheaper than if it were divided. But in this there should be reciprocity; if the State, by giving the company a monopoly, enables them to carry more cheaply, they should carry more cheaply, at least, for its citizens, and I can conceive of no good reason why the company should not, in the local business, give at least the same value of service for the same compensation as they do in business between points where competition may exist.

This is the reasonable, equitable, and common-sense view. Let us now see if by the terms of the charter there is anything in contravention of this view. It must be borne in mind that the act I have introduced leaves the power of fixing the rate entirely with the company, and only requires that it shall be a uniform rate, and that it further allows the company to charge for quantities less than one hundred pounds as much as for one hundred pounds; and for distances less than one eighth of their road as much as if carried that distance; and on all the way-freight, one cent per hundred pounds for loading. This I believe is allowing them more than was contemplated, and more than is actually granted them by their charter; and the bill before us might properly have been entitled, "An Act for the relief of the Stonington Railroad Company." The clause in their charter regulating their rate of transportation is in the following words: —

SEC. 5. "And be it further enacted, that a *toll* be,

and is hereby granted and established, for the sole benefit of said corporation, on all passengers, and property of all descriptions, which may be conveyed or transported on said road, at such *rates per mile* as may be agreed upon and established from time to time by the Directors of said corporation."

This gives them the right to establish but *one* toll, and that must be *per mile*. Now this phrase *per mile* is one of common use, and has a well-defined meaning, so much so, that if any one attempts to explain or define it, he will find nothing by which he can make it more plain or explicit.

We sell cloth at so much *per yard* — build stone walls at so much *per rod*, or carry freight and passengers at so much *per mile*. In all cases the rate *per yard*, *per rod*, or *per mile* being multiplied by the number of *yards*, *rods*, or *miles*, is the sum to be paid for that quantity. This clause, then, is conclusive that there shall be but one price for the same article, and that it shall be *per mile*.

When the company applied for a monopoly, the State was, of course, apprehensive that advantage might be taken of its citizens, and hence sought to put them on as good a footing, at least, as the citizens of other States would be. But in addition to this it was argued that the citizens of the State were actually subjected to sacrifices, to give to the company this monopoly, not only of the transportation of the way-freight and travel, but of what was deemed, and I believe has still proved to be, the best route between Boston and New York. That, for instance, the value of the Providence and Pawcatuck Turnpike would be nearly destroyed. The counsel for the company admitted that what they mainly looked to was the mo-

nopoly of the business between New York and Boston, and stated that if the State would give them this, they would agree to do the business along the road (then deemed of very little importance compared with the through business) at the same rate in proportion to distance as they did that coming to them from New York and Boston; and thus, as the cost was actually rather more in proportion to distance, the company would be paying the State something for their grant of this valuable monopoly, and for the sacrifice of the property of its citizens. I have these facts from persons who probably were better situated than any others in the State to know and to mark them at the time of their occurrence.

It would seem, then, that the allowances for loading, etc., contemplated by the bill now proposed, are in fact a gratuity to the company. By the deposition of H. Lincoln, Esq., the superintendent of the Fitchburg Railroad, which does a large amount of local business, it appears that the cost of loading is twelve and one half cents per ton, and this bill allows twenty cents, or amply sufficient to pay the loading, making out and collecting bills, etc.[1] Besides this, the local or way passengers are now paying fifty per cent. more than through passengers, and this difference, I presume, will amount to more than the salaries of all the agents at the way depots charged with the care of the local business.

But the company assert that they do not make the twelve per cent. on the cost of the road, which is the

[1] I have since learned that freight is loaded at the depot of the Nashua road in Worcester, transported by teams about half a mile to another depot, and then unloaded for twenty cents per ton for the whole service.

required condition to any interference in their rates by the State. But their own acts in making distinctions to different communities and individuals renders this clause nugatory. I submit to any man of common sense, whether the company can give half the community free tickets and carry freight for them at half price, and say to those who pay full price, you cannot reduce our tolls because we do not yet make this twelve per cent. The report of the company to the commissioners carefully conceals what they do make, but with the little information now elicited, calculation renders it exceedingly probable that if the whole freight and travel should be estimated at the same rates as the way business, the profits would amount to more than twelve per cent. on what would be a reasonable cost of the road, which I presume is all the company can claim, they having no right to charge the community for their own extravagant or injudicious expenditures.

The Act relies on the interest of the company to make the rate a proper one, — but we are entitled to have it a reasonable rate. We have already deduced this from general principles, and it is also secured by the terms of the charter, which provides: —

SEC. 4. "And be it further enacted, that the said corporation shall have power to make, ordain, and establish all such by-laws, rules and regulations for their own government and for the management of their property and concerns, as they shall deem expedient and necessary to accomplish their designs and purposes, and to carry into effect the provisions of this act, and for the well ordering, regulating, and securing the interest and affairs of the corporation, provided the same be not repugnant to the laws of this State."

Now, the rates of transportation established by the company must be either a by-law, a rule, or a regulation, and by the terms of the above section must not be repugnant to the laws of the State.

But the law of this, and probably of every other State in this Union, at that time, was, and still is, that common carriers should carry for reasonable prices, and hence the company are bound, in making their rules of freight, to make them at *reasonable rates.*

If this law is applicable to those carrying by the old modes of conveyance, which really admitted of competition, it is certainly more necessary and should be most stringently applied to those having a monopoly excluding all competition.

By the express terms of the charter, then, we find that the company are obligated to carry for all at the same rate per mile, and this rate must be a reasonable one. This is so obvious that we have no occasion to apply that reasonable rule of law which requires that such charters be construed liberally in favor of the public, and strictly and rigidly against those to whom peculiar privileges are granted.

By obliging the company to comply with one of these provisions of their charter, and to have but one rate per mile, we in effect apply the wholesome principle of competition; the utility of which, as the best regulator of prices, I believe is admitted by all the ablest writers on the subject, and is recognized by the common experience and the common sense of the whole commercial world. In opposition to these, the company claim that competition reduces the rates too low, and that as no competition can exist in the local business, they are not bound to reduce on it.

This is, in fact, saying to the community near the road: You are in our power. We have the advantage of you, and we will use it for our own profit.

The truth, however, is, that the rates of the through business for the last several years have not been those to which competition would reduce them, but those to which combination among all the routes carrying freight between Boston and New York sustains them. The rate bill presented to the commissioners was signed by the agents of the Fall River, Stonington and Norwich routes. Now if, instead of insisting on rates produced by that acknowledged and best regulator, — *competition*, — we pay them what by *combination* they have themselves fixed as a fair price, we think, even without reference to the positive conditions of their charter, an Act, obliging them to accept this rate from all, would give them no good cause for complaint.

The company for the last several years have charged for the local freight nearly three times as much as is charged on some other roads in New England, and nearly three times as much as they themselves charged on the through freight on their own road, and given less accommodation to the local business. This giving less accommodation has been attended with serious loss to the local customers of the road, and is so thoroughly inwrought into their system as to be understood by their lowest menials, and is carried out into the minutest details of their business. Now if any difference is made, it strikes me, that in justice, it should be in favor of those to whom the company is indebted for its exclusive privileges, and that even the interest of the company would be consulted by giving such preference, and thereby increas-

ing the number and the business of those whose custom could at all times be relied upon. I have no doubt that a reduction of their rates in conformity to this bill would in a very short time materially increase their receipts from the local business. The interest of the company to increase this portion of their business would seem to afford some protection to the local community; but I have it from the very best authority, that the rates for local freight on this road were maintained at a point higher than the officers of the company supposed most conducive to the profit of the road, for the purpose of preventing other vessels from competing with the regular line of steamers from Stonington — that is, the charge for local freight from any point on the road to its termination was so nearly the whole price to New York, that no vessel would carry from Stonington to that city for the difference. As a very small proportion of the local freight is destined to New York, the public probably paid twenty dollars for every one the steamers gained by this arrangement, and the road also lost something. This company thus used their grant, not for the public benefit, nor even for their own, but for that of the boat-owners.

This was a gross perversion of chartered privilege.

The company assert that the payment of land damages gives them the rights claimed.

Let us look at this. They pay for a strip of land three, four, or at most six rods wide, and claim a right to tax the country ten to twenty miles, each side, through all time, to the full extent of the advantages resulting from the railroad improvement. Is not this, on the face of it, a monstrous assumption?

This would be giving them the whole benefit of the

invention of railroads, which belongs to all. It would be giving them the natural advantages of the location between two great cities, which belonged to the community, through which the road passes, and it would be giving them without any equivalent, or even stipulation, the franchise, with power to take individual property, which certainly the company had no claim to, except for public benefit. The company have, probably, already received back, in excessive charges on the local business, more than they paid for land damages. But the company also claim that if they carry for less than can be done by the old modes of transportation, they do benefit the public. If a printer should now sell a man a book for a trifle less than the cost of printing it with a pen, would it be conferring a benefit upon the purchaser? Now, the railroad invention and that of the printing press are equally the common property of the world. It once required more than ten years of labor to pay for a Bible. Would the printers be justified in appropriating the profits of the invention of printing to themselves, or, charging only ten years' labor for a Bible, claim that they were public benefactors, because before this invention the cost was still greater? A printing company with a grant to furnish books for a particular community, as exclusive and as monopolizing as that which a railroad company has of the transportation, could do this and deprive such community of nearly all the benefits which are now derived from the art of printing. Transportation by railroads can be done for less than one quarter the cost by teams, and this company, then, assume the right to tax the community to the extent of three times the amount of service rendered, and are actually taxing them with

that amount over what many other roads carry for, as well as over the charges on their own roads for competing freight.

In some instances they lay still heavier taxes for extraordinary purposes. Some years ago their agents, in putting out a hogshead of molasses at the Kingston depot in a very unusual and improper manner, stove the cask, and the owner demanded payment for the loss. The company immediately imposed an extra tax of over one cent per gallon on molasses, oil, and other fluids, making their charges, in many instances, fully tenfold those of some other roads, and thus, to reimburse themselves for the demand of one citizen for about twenty dollars, probably taxed the whole some thousands.

This was a flagrant abuse of power, and shows the necessity of regulating prices by some other law than the arbitrary will of the company.

In regard to the conveyance of passengers, they have been no less unreasonable and abusive. At times they have sold tickets from Providence to New York for one dollar, and charged those on the road an average price of three dollars. Several persons who obtained these tickets, which were *receipts in full* for passage from Providence to New York, were, upon commencing the journey at points between Providence and Stonington, required to pay the additional sum of two dollars, and on their refusing to do so, the train was stopped, the brakeman called in, and the money extorted upon the threat of being forcibly ejected from the cars if the demand were not instantly complied with. One, if not more, of those who were thus treated are now members of this House, and can correct me if I am mistaken in any of the particulars

of this outrage. Was ever despotism more strongly characterized in action? If you *ride* in our cars you shall pay whatever we demand, and if you do not you shall pay us still more for *not riding*. I have said these men would not rob on the highway; but if on the highway they can surround a citizen with their creatures, and under the threat of personal violence demand the contents of his purse, upon the shallow pretext that he *did not ride* from Providence in their cars, I apprehend I did not use the proper phrase. Most of us, who are unaccustomed to the subtlety of mere legal distinctions, on the face of such transactions see the forcible taking of the property of another upon the highway, without any equivalent, or even plausible pretence, and hence attach to it all the moral guilt and turpitude of highway robbery; and the law itself would perhaps find the distinction only in the greater audacity evinced in the company's doing it openly and with the claim of right, which is perhaps rather an aggravation than a palliation of the offence. In this view, I fear, I did not select the proper phrase, and ask pardon for the inadvertence: instead of saying they would not *rob on the highway*, I should have said they would not *commit highway robbery*.

The company, then, have not given the reasonable accommodation and benefit to the public which is the foundation, the implied and necessary condition, of their grant, nor that which is required by the terms of their charter; but they have perverted their grant to illegitimate purposes, and have abused the powers exercised under it.

What must be the consequences of the refusal of the company to comply with the necessary conditions of

their grant and with the positive requirements of their charter? Must it not be to make the compact void, or at least voidable? It is claimed that this does not follow, but that any citizen aggrieved may seek his remedy in legal damages. This would amount to nothing; the damages to any one individual seldom being such as to render it expedient for him to cope with a company so powerful, and who, it is well known, pursue the policy of making litigation with them as prolix and expensive as possible.

But it cannot be that this is the only remedy. The company could not obtain the right of the State to take individual property for their own use for the consideration of payment of any amount of damages. Can they, then, after having obtained the grant, refuse to fulfil its conditions, and change the consideration to be paid for it from public benefit to payment of pecuniary damages, thus obtaining indirectly, by their own wrong, that which they could not rightfully obtain directly?

Such a supposition is too absurd to admit of argument, or to require illustration.

The company do hold property and enjoy privileges to which benefit to be conferred on the public is the only possible foundation for a title; and if this necessary condition of the contract is not fulfilled on the part of the company, they have no title whatever to a road, and the State is released on its part.

The contract is with the State, and the State should take care that it is fulfilled or annulled, and this the petitioners now ask.

One word with regard to the threat of the company to withhold all accommodation.

They are fond of claiming that they have a contract

with the State, which the State, on its part, has no right to change, and yet seem to think there is only one side to this contract, and that it imposes no duties or obligations upon the company.

When the company exercised the powers granted, and took the property of individuals for its use, it received a consideration from the State, which bound it to perform certain duties on its part, — that is, to furnish a road, and the reasonable benefits resulting from its proper use according to the terms of the charter.

They could not hold the monopoly granted, — excluding others from making a road and still not make one themselves, or, making one, refuse to the public reasonable accommodation and benefit. In short, they cannot alter the original contract without making a new bargain with the State, but are bound to go on and give this reasonable accommodation and benefit until released from the obligation by the State. If, as the company allege, the State has not in this case, as is its usual custom, reserved the right to vary the original compact, it makes the obligation to fulfil it also more stringent on the company.

The citizens of this State, relying on this obligation of the company under the contract, have made investments which the nonperformance of their obligation might wholly destroy; and cases might arise in which the State could not, in justice to its citizens, even permit the abandonment of the road, much less permit the company to refuse to perform the services incidental and necessary to its proper use.

In the same way the establishment of depots at particular points may have invited investments near their location, rendering it at least highly improper

for the company to discontinue them, and they would have no right to do so if the reasonable benefit of the community required them to be continued.

On the Stonington road, I think there are but eight intermediate depots at which the company have agents, while the Worcester road, of less length, I am told, has more than double that number.

One other consideration: the influence of an irresponsible power, secretly controlling the destiny of individuals, upon the character of a people, — an influence which is inseparable from the mere existence of covert power. No such power, in the benignity and beneficence of which we have less confidence than in that of Heaven, can exist without producing the most pernicious effects. Under its influences the ardor of the soul is repressed, the heart shrivels, and all its genial sentiments are blighted; the blood creeps hesitatingly through the veins, and the flow of generous feeling stagnates; the noble and elevating confidence of man in man gives place to distrust and apprehension, every one fearing that others may use this secret power for their own benefit and to his injury. People not only lose confidence in each other, but in their own exertions; for where is the use of effort which this secret power may render unavailing, or, worse, may pervert to its own selfish or malign purposes? Under such influences the character becomes servile, selfish, and suspicious, or gloomy and desponding.

This is the case, whether this secret power exists in the form of an arbitrary and vindictive government, with its ubiquitous espionage, seeking cause for accusation in every word or act, or in the still more odious form of an ecclesiastical despotism, with its terrible array of familiars, inquisitors, and executioners, fettering

even thought; or whether it be the Devil himself, with his host of invisible emissaries, coursing the air on their hellish missions.

But here is no mere phantom of a terrified imagination. There is the power, the palpable, tangible power, obviously competent to the performance of all this mischief, and openly claiming the right to exercise it.

There are the wizards in their dens in Wall Street or its purlieus, amid its murky smoke, sweltering steam, and lurid confusion, stirring the hissing and bubbling caldron in which, with fiendish rites, they are ever concocting their infernal plans. They need no hags to aid them in their diabolical sorceries, but in an unrestricted railroad charter find ready access to the victims of their cupidity or malice, and deem an iron horse a much more efficient servitor than a bewitched broomstick. And woe awaits him who even now dares to oppose this iron horse. As Laocoön pointing his spear at the wooden horse in which were concealed the traitors who were to deliver his native city into the hands of its enemies, he will find that the serpent is already prepared to throw its crushing coils around himself and his children.

I am aware, that in thus presenting the conduct of this company I may subject myself to the suspicion of acting from motives of personal interest. In anticipation of this, I may be allowed to say that in discussing these principles with intelligent men, acquainted with all the circumstances of my relations with the company, they have often remarked, and sometimes with an air of surprise by no means flattering, that I was arguing against my own interest. The same thing has been intimated by the officers of the company.

But I claim no credit for thus pursuing a course which to superficial observation might appear more than disinterested; for I hope I never had the folly to suppose that my own interests could be benefited by what would destroy all around me, and that I have ever had too much faith in the practical workings of correct general principles to apprehend even individual injury from them. But, above all this, I believe there is that within me which prompts me fearlessly and faithfully to search out these general principles, and which, when they are found, impels me to give them utterance, regardless of my own or any other narrow and temporary interests. I could not suppress these results of thought for selfish considerations. Such secret would master such motives.

And now that the ardor in individual pursuit which is appropriate to youth is passing away, and I trust is giving place to a wider and wider interest in human affairs, and substituting higher and higher motives to effort, I hope I am less and less obnoxious to these narrow influences. With advancing life, too, I find myself clinging more closely to the loved institutions of my native State, and more fondly cherishing the pride I have ever felt in its character; it may be with partialities which would regard even innovations for the better with feelings akin to those with which the Highlander marked the encroachments of Southern refinement on the rugged habits of his clan. But be this as it may, whenever I see elements put in action calculated to subvert these institutions and to degrade this character, if by the blessing of Heaven there be aught of power within me, either for warning or for resistance, the will to exert it shall not be wanting; and I say now, as my deliberate conviction, that the

exercise of the powers claimed by this company must subvert these institutions, and give them the control of the State; that it will also essentially change the character of its citizens; that their manly bearing and self-reliance will give place to servility and dependence, their mutual confidence to mistrust and apprehension, and their elate, energetic, and ardent spirit become sullen, inert, and desponding; that, in short, the State will become but a tributary province to Wall Street, and its citizens be reduced to the most degrading vassalage, to the most degrading form of power wielded by men in grain so base and contemptible that power cannot ennoble them, — so essentially vile and despicable that the gorgeous trappings of wealth cannot hide their corruption, nor the glare of success or its vestments of purple and gold give them even a temporary or apparent respectability. And I say that this subjugation and this demoralization have already commenced; that we are already within the verge of this dangerous maelstrom, and that nothing but immediate and energetic effort can prevent our being drawn with rapid acceleration into its devouring vortex.

SPEECH ON THE RAILROAD BILL,[1]

BEFORE THE RHODE ISLAND SENATE.

1854.

May it please your Excellency:

I am very sensible of my inability to contend with the talent and professional skill which the corporations have brought to their aid. I feel unequal to the task which my friends and my own sense of duty have imposed upon me. I am oppressed, too, by the magnitude of the interests at stake, — by the thought that the battle of freedom may now be lost or won; that, if you shall now and here fail to arrest the incipient despotism which has already confessedly clutched in its iron grasp one of the fairest States of this Union, it may sweep over our whole country, destroying its institutions, and with them the hope of humanity and

[1] Since this argument, the bill to which it relates has been very materially altered in the Senate — giving the corporations as large powers of discrimination as they have ever exercised, but placing that power under lawful supervision and requiring publicity. The argument is therefore now only useful to show the abstract rights of the community, and also the very large concessions made in the bill to the corporations, amounting to an abandonment of all the pecuniary interests of the public, and the getting in return only stronger remedy for wilful or malicious injury which the threats of the corporations have made so necessary, and the publicity which may prevent the companies from making such discrimination a dangerous engine of corruption.

the refuge of the oppressed. The reflection that your decision on such a momentous question may, even in the slightest or remotest degree, be influenced by my ability or inability properly to present the subject to you, overwhelms me with a painful sense of responsibility.

But I am sustained by the consciousness that I am here in a cause which requires only to be plainly stated to convince the judgment of every impartial mind, and that in every generous breast we shall find a love of justice and a hatred of oppression which will plead for us with an eloquence more persuasive than a Chatham or a Patrick Henry could command.

I am aware that in thus commencing I may excite a suspicion that my statements or my fears are exaggerated. I will then hasten to the consideration of the facts on which these statements are founded, and by which these apprehensions are excited. After a full and deliberate investigation, your commissioners report, as proved, —

1. That some or all of the railroad companies chartered by this State charge the citizens of this State more for the transportation of both passengers and merchandise, in proportion to the distance transported, than they charge the citizens of other States.

2. That their tariff of charges or tolls is not at established rates per mile, as required by their charters, and as some of said companies further especially agreed that they should be.

3. That some of said companies refuse to the business of this State that use of a portion of their roads which is granted for the business of other States, and compel the citizens of this State to pay for transportation by wagons directly alongside of the track of the portions so refused, to the great damage of the said citizens of this State.

These three specifications relate to the discriminations made as between individuals or communities, by which the business of this State is put at great disadvantage as compared with that of our neighbors. The excess of charges to our citizens is very large, and has an important influence on our industrial prosperity. We claim that we are entitled to equality in this particular, and, in the absence of any argument or legal objection, does not this at once commend itself to every man's sense of justice and propriety? That one should not be charged more than another for the same or equal service, seems almost an axiom. We will presently examine the arguments and legal objections which have been urged against it. Though the pecuniary injury to our citizens arising from this inequality is very important, it is a trifling consideration compared with other evils which flow from this power of discrimination exercised by the railroad corporations, and by which they can control the business of a large portion of the citizens along the lines of their roads, enabling them to destroy some and build up others. This makes them the dispensers of corrupting and mercenary favors, to be gratefully repaid by influencing public opinion, or by services in the legislative halls, or in the courts of justice.

By these means they not only bring to their aid those to whom they give advantages over their neighbors, but terrify others with the apprehension that they may become the victims of a power which they see can deprive them even of the means of living. The one class are basely subservient to an ally which can insure them a victory over their competitors; the other, meekly submissive, afraid even to complain of any wrongs, lest still greater injuries should be in-

flicted upon them. The corporations are thus enabled to maintain a standing army in our midst, and to pay it by the pillage of those whom it is employed to overawe and to subjugate. How long can such powers be exercised before all independence and manliness of character must be destroyed, and a people become craven in spirit and fitted for serfdom? Think, sir, of these corporations with such fearful means of corruption, direct and indirect, unrestrained by law, let loose upon a community whose moral defences are broken down, as, I blush to say, ours already have been. Does it not look as if here was even a shorter step than usual from the demoralization of bribery to the degradation of slavery? Does any one doubt that this must inevitably follow? In this matter we are not left to mere speculation. We have the benefit of the results of experiment in another State.

The articles to which I ask the attention of the honorable Senate are from the same pen which has so often assumed to advise this legislature not to interfere with the railroad corporations in this State. I read from an editorial in the "Providence Journal" of May 3, 1853: —

"In the courts of the United States, there would be no doubt of a verdict, and of heavy damages, if men would have the spirit to push the matter through, and incur the expenses to which the company would be able to put them; but in the courts of New Jersey, we suppose the case might as well be brought before the directors. The State of New Jersey is sold, body and soul, to the monopoly, and we suppose that by this time the judiciary must be reduced to the dependence that the legislature has so long suffered."

"The Newark Daily Advertiser" quotes this, and then adds: "We are not disposed to deny that the

State of New Jersey, as a body politic, has been sold, but there are a great many people among us whose souls are still their own." Out of the numerous articles (all from the same source) which I hold in my hand, I select another, because in it the editor seems to admit that the same weapon of despotism which has been so successfully used in New Jersey may be equally efficient here. It is headed "Insurrection in New Jersey": —

"Of course the Democratic organization is entirely at the service of the monopoly, and as money is the 'main element' in New Jersey, quite as much as in Rhode Island, it is not to be expected that the first attempt will be successful."

And yet another, in which it is intimated that the railroad corporation which is thus despotic in New Jersey has already become so powerful as to control the general government, and perhaps I may add that some of the facts stated have their analogy in this State: —

"That giant monopoly is represented by one Senator, and we know not how many members in the House, and it is abundantly supplied with the means which have so often proved irresistible in influencing the legislation of Congress."

I have, as you see, yards of similar articles and paragraphs, all from the same pen, and all representing in strong and varied forms of expression the melancholy fact that a sister State has been subjugated, body and soul, to the iron will of a lawless and rapacious corporation. Sir, that the writer of these articles, a man of superior talent and highly respectable character, who once occupied the station you now fill, and who, as a Rhode Island man, I doubt not is identified in feeling

with its interests and its prosperity, possessing too such vivid perceptions of the degraded condition to which New Jersey has been reduced by the railroad power, should in some way be so blinded to the effects of like causes as here to lend himself and the influence of his pen and press to what he there deprecates, furnishes an example of the ability of these corporations to sway the individual which it is painful to dwell upon. I have chosen to illustrate the practical workings of this system by the experience of it in New Jersey, because, so strong is the sentiment of self-respect, that we judge better of the degree of degradation when manifested in others than when seen in ourselves.

We may have felt contempt for a people who would submit to such despotism, but, alas! we can no longer contemplate the subjugation of New Jersey with any other feelings than those of brethren sympathizing in a common calamity, for your commissioners have investigated and found as proved, —

4. That some of said companies make illegal demands of those whose property they receive to transport, and assume to punish those who refuse to comply with such illegal demands by depriving them of their property, and by subjecting them to unusual and vexatious annoyances, involving those who refuse in heavy losses.

5. That said companies assume the power of discriminating between individuals, — carrying for some without charge, charging some a high and others a lower price; by which means they have already destroyed the business of some persons, and obliged them to abandon it to their competitors.

6. That the existing laws are not sufficient to restrain the companies from such unlawful conduct, or to protect the public from the abuse of the power which a monopoly of transportation gives them over the business of individuals.

We are, then, subjugated to illegal demands, and of course, the restraints of law being withdrawn, to such demands as the will or caprice or avarice of those who have usurped this arbitrary control may dictate, and for non-compliance we are punished to the extent which this same will or caprice may suggest; and from this tyranny the law affords us no practical protection.

In what respect, then, does our condition vary from that of slaves? Our master cannot lawfully, as in some despotisms, put us to death at will; neither can the owners of slaves on our Southern plantations; but in both instances the degraded party may be subjected to such privations, and such abuses be heaped upon him, that he cannot live. It is obvious, then, that the railroad power has already become a despotism in our midst; and I am now here, not to ask that further protection should be extended to us, or our liberty be secured by stronger defences, but to plead that the power of the State may be interposed to rescue us from a slavery to which we are already subjected by lawless power. Is it possible that I must argue such a cause, and to the legislature of my native State? Where now those Rhode Island principles which throughout the world have shaken the thrones of tyranny to their very foundations? Where those elements of Rhode Island character which would once have risen so spontaneously, so indignantly, upon such an issue? Has corruption already so done its work among us that they can now be roused only by argument or effort? Is it possible that I must here argue our right, not only to equality, but even to freedom?

Sir, I am little accustomed to meet such questions by argument, and if I must now approach them in that way, I must do it not only under all the embar-

rassments of inexperience in public speaking and public debate, but with all the disadvantages of an almost total want of preparation, for during the last several days I have been suffering under such complete prostration, mental and physical, that I have hardly been able to add to the hasty notes I made when an earlier day was assigned for this discussion. It is true, that during this time I have been deeply moved, I may say profoundly agitated, by contemplating the depth of the abyss into which we have already fallen, and the still lower depth which may yet await us; but my mind refused to indite the sentence, and my hand to guide the pen which should record the disgrace of the State of which I have been so proud, the desecration of the institutions in which I have so gloried, or that would narrate the events by which myself and my neighbors, my children and their children, are reduced to servile dependence. And now, sir, that I would speak to you, and for the sake of my cause would speak to you calmly, and in those connected forms in which statements and arguments are most convincing, the bare thought that I am here, constrained to plead the right of myself and my neighbors to equality and to freedom, so rouses every indignant feeling within me, so harrows up every fibre of my soul, that my throbbing heart refuses to be stilled, and a rush of burning thoughts and tumultuous emotions deprives my mind of the power of concentrated and systematic effort.

Sir, I have keenly felt this prostration at such a time. I have suffered the anguish of one who, when suddenly attacked by a sanguinary and merciless foe, finds that his sword — his only weapon of defence — is broken; or of that Narragansett chief, who, in a

generous and perilous effort to obtain subsistence for his people, beset by the bloodthirsty enemies of his tribe, found that he had no hatchet in his belt, and that the powder in his horn was wet. He yielded, but his captors could wring from him no unseemly token of servile submission; and if a like fate awaits those who now occupy the soil over which he held gentle sway, and breathe the air which invigorated his manly spirit, if they too, all defenceless, must yield to lawless force, I trust they will emulate his lofty example and nobly die, rather than live meanly enslaved.

But I will still endeavor to approach the subject calmly, and to still the surging and tumultuous billows of feeling, that, if possible, I may clearly exhibit to you the thoughts which are heaving beneath them.

In the first place, then, I would remark that in the argument to which we have just listened, and in all which I have heard in favor of the same views, there are many incongruities. For instance, it is said that the local freight on the Stonington railroad is so small that it cannot be profitably carried even at the high prices charged, and yet that a diminution of about one-third in the price would annihilate the value of the road.

The counsel, also, states that when the through freight and passengers are carried at competing prices the company lose by it, and that at regular rates the loss on way freight on the Stonington road is $5,000 per annum. In the year previous to August 31, 1853, there had been an unusually large portion of time during which competing prices prevailed, and yet the accounts of the company, as presented to their stockholders, show a profit of over $140,000, which, if I mistake not, is more than ten per cent. on the whole

capital stock of the company. There must be a wonderful tendency to profit somewhere. I do not mean to intimate that such incongruities grow out of intentional misstatements, but only that those who make them evidently do not yet understand the subject in all its bearings. They have not yet reached the truth — the Copernican idea of the system which will harmonize all these discrepancies.

In regard to the alleged hardships of carrying way freight at nearly the same prices as through, I apprehend some persons have been led into error by the statement that the president of the Stonington company declared under oath that there was a loss in the transportation of it upon their road, and that he offered some of the complainants $5,000 to take the way-freight train. On this I would remark, that the president was not sworn to any such declaration. This assertion has been frequently corrected, and as often reiterated. The president of that road seems to be very scrupulous in regard to taking an oath, and declined to be sworn before the present commissioners on a very simple matter. And again, that the offer of $5,000 was accepted, including, if the president chose, the year which had passed as well as the year to come. And further, that in fact no freight train, either exclusively or principally for the way freight of that road, could ever be found. It now comes north from Stonington by the accommodation passenger train, and goes south from Providence by a train which also carries freight for New York. The misrepresentations on these points have been so sturdily made and reiterated, that no doubt many people believe that the Stonington company have a freight train especially or principally for way freight, and that the company

makes little or nothing by the business of the road. If any one will look for the train, or into the annual reports of the company to their stockholders, he will speedily be undeceived on these points. A director of the Boston and Providence Company stated to the commissioners, that after a careful investigation, that company had found that thirty cents per ton would pay, and fully pay, for loading and unloading [1] merchandise, and for breaking up and attention at the way stations, etc.

At Worcester, the freight was loaded into wagons, carried one half to three quarters of a mile, and then unloaded, for twenty cents per ton.

If a quantity of freight is received at one end of the road already loaded, and another quantity not loaded, both to go by the same train to the other end, it is manifest that the only difference in the cost is the loading, which puts the last exactly in all respects on the same footing as the first. If the whole is equal to its parts, this must be true. From the facts before stated, it is obvious that ten cents per ton is a very ample allowance for loading. Hence, if one hundred tons of freight come to the Providence depot of the Stonington road loaded in cars, and ten tons are brought by wagons, then loaded into cars and sent to Stonington by the same engine, if it is worth $1.00 per ton for the first, then $1.10 will pay for the latter.

Will they say the quantity makes a difference? As well might they say that if nine tons of the ten come from the West and one ton from the East, or that nine tons come in wagons and one in carts, that therefore

[1] A gentleman connected with the weighing department of the custom-house says pig-iron can be loaded for two cents per ton. The difference between this and many other kinds of goods cannot be very material.

it would be worth more to carry the one than the nine tons. It all makes a part of the business of the road, and if sufficient allowance is made for the expense of receiving and loading, it can make no difference to the company whether it comes to them ready loaded or otherwise: why, then, should one be charged three or six-fold more than the other; or even, as the counsel for the road says, 14 instead of 8 cents per 100 lbs.? The same of way stations. If the 30c. per ton pays all that portion of the expense which is common to all freight, then the company get the same proportional profit on the one as on the other. If carried ten miles they get a fourth part of the profit which they do if carried forty miles. It is not, however, obligatory on us to show that the corporations would not be put to inconvenience by the proposed law; but only that the public has a right to what will then be required of them. They claim that they must have all their charters give them, and will have no cause to complain if the public take similar ground. The main question, then, is, what are the rights of the parties under the charters? I do not intend to go into the vexed question as to the exemption of chartered rights from legislative control, or even of the right of one legislative body to grant a railroad charter with a provision which should deny to all their official successors the right of exercising the same power over the whole or any portion of the State.

I apprehend this question is too profound for me, and as I have not sounded its depth I am not disposed to venture into it. For the purposes of this argument, then, and for myself individually, I will concede that the charters are inviolable so long as their conditions are fulfilled by the corporations. We have to-day heard less of vested rights than I expected, for

generally, when we ask the fulfilment of the plainest conditions of the charters, the companies, in reply to every demand or argument, merely shout, "Don't interfere with our rights! You are trying to create a prejudice against corporations!" Now, I beg to say that I have no feeling against corporations, and railroad corporations I deem not only useful, but absolutely necessary to the prosperity of the country. But this very utility and this necessity gives them a power which, if not regulated by strict justice, will, from its intimate relations to individual business, and the absence of the element of competition, always be exceedingly dangerous. I am willing, therefore, to yield to them, not only all the powers granted by their charters, but any other advantages not conflicting with individual rights or public safety. Let us see in the first place what they have granted.

I presume the corporations will admit that they take by their charters only what is plainly granted; that they can take nothing by implication; that if there is any ambiguity, or if words admit of two meanings, that construction or that meaning which is most favorable to the public is to be adopted; and that whatever is not granted is still reserved by the State. I understand these rules to be so well established that no lawyer will question them.

If there is nothing in the charters to the contrary, this General Assembly can regulate not only the *equality* of prices, which is all that this bill provides for on that point, but it can say what the *prices shall be.* Such powers have always been exercised by this General Assembly. They have regulated the hours of labor, and in the case of children unable to protect themselves have made such legislation imperative. It

may be asked, if they have the power to fix prices, why it has not been more generally exercised. We answer, because in almost all cases a better regulator exists, — that of competition, universally admitted, by all but those immediately interested, to be the best regulator, both of prices and of the services to be rendered. From the nature of the case, in a portion of the business of railroads, this regulator cannot be directly available; and one of the objects of this bill is to apply it indirectly, that is, to make the prices which result from competition govern those which do not.

The argument of counsel against the justice and propriety of our claim to equality (allowing only for difference of service) assumes that competition is not so good a regulator as the arbitrary will of the corporations, and nearly all of his argument in favor of relieving them from the influence of this rule of equality, and the consequent restraint of competition on the way as well as on the through rates, would apply quite as well to a man who had made a large investment in a storehouse and merchandise, and kept many clerks and assistants, especially if he had been so unfortunate as to select a location where there was more competition than he anticipated.

The gentleman says the railroad corporations will take what they can get; I fear under this rule they may get the whole. I expect to show that the charters impose this rule of equality, and of course the consequent rule of competition. But in other cases where this competition is not applicable, the General Assembly have fixed both the services to be rendered and the compensation to be paid. This has been done in regard to ferries; and in the case of gristmills the owners are obliged to have an established rate of toll

per bushel. These analogies, then, point to the propriety of legislative regulation where that of competition does not obtain, and would certainly justify it in the case of railroads, if there is nothing in their grants to preclude it. But it so happens that, even under the provisions of this bill, the price of way-freight, being regulated by that of the through prices, are regulated probably on an average of eleven months of the year by a combination of the three rival routes between Boston and New York, and thus the local freight would still be regulated by the combining prices which these companies, in the absence of competition, unitedly fix as one satisfactory to themselves.

This power of combining against the public, and of thus relieving themselves in a great measure from competition, is the result of the small number of parties interested (in this case only three). The nature of business in most cases prevents such combination, and in some I believe it is still prohibited by law.

They, however, demand and actually assume in a portion of their business, and in defiance of a law of the State, to be free from the small remnant of competition which might under such circumstances still give some slight protection to the public.

Let us now look at the position of the community when the relations between them commenced.

Take, for example, the Stonington Railroad. The citizens along its line had each an interest in the railroad invention; it had become the common property of the world, each man having the same common claim to participate in its advantages as in the benefits derived from the printing press; each man, indeed, having the same original right to construct a railroad. These same citizens also owned the land, which in this

case, from its location, had a value for railroad purposes beyond its estimated value for any other use. The company paid the estimated value of the land, including such damages as arose from the dividing of lots, etc.; but the State transferred to the corporation all that other value which then was in the land as a location for railroad purposes, and also that right which each individual had in the railroad invention; each citizen residing within certain limits being obliged to abandon his right to make a railroad to go from his home to points without, and those living more remote being also compelled to abandon their right to have one to run from their homes to points within, these limits. In transferring these values and rights the legislature no doubt believed that they stipulated with the corporations for benefits to the citizens of equal value. We will presently see what those benefits were, and will only here observe that they should at least be as great to those who thus parted with valuable rights and privileges as to those from whom no such concessions were obtained. I will endeavor to illustrate this view.

Suppose several farmers jointly own all the water power in their vicinity. They need a mill, and have no skill to erect or to manage one. They agree with a miller that he may take his choice of water power, paying only for the land he shall occupy for the mill, and further engage that no competing mill shall be put up on any of their power. The mill is built, new roads made from the farms to it, the old roads to other mills abandoned, and the grain is ground to the mutual advantage of all parties. But after a time the farmers find that the miller is grinding grain for some other community at half the toll he exacts from them. They

remonstrate. He replies that these other farmers are about as near another mill as to his, and that he must grind for little or not get their custom, and that it is no injury to his neighbors, but on the contrary an advantage, as, by having this large amount of custom at half price, he can afford to grind theirs for less. A little while longer, however, and they find that these distant customers have an advantage in the meal market, and can undersell them. They again remonstrate, and urge that they furnished the whole power gratis, not only for grinding all their own grain, but the large quantity for the distant customers, — that they had parted with their right to have another mill, and hence claimed an equitable right to have their grain ground at as low a rate of toll as any other persons. They further urge that it is unjust to themselves, and must eventually be injurious to the miller, to use their grant in giving others this advantage over them, rendering it impossible for the old customers of the mill to raise grain at a profit, and thus reducing that portion of its custom which is most to be relied upon. The miller is inflexible, and the farmers resolve to seek redress at law. On examining the title, it is ascertained that the attorney of the farmers who made the deed had power only to do it for the consideration of payment of the land occupied, and the further benefit to be derived by the farmers from the erection of the mill, and that the miller had agreed to have a toll at an established rate per bushel. In the mean time it was found that the other mills were instituted in the same manner.

The millers make common cause. Each selects from among his customers some for whom he grinds on more favorable terms than for their neighbors. These contracts are secretly made. One man, who has

his grain ground for one half toll, thinks he has an advantage over all competitors, and, not suspecting that one of them has his done for nothing, wonders how he can afford to undersell him. Both, however, are ready most gratefully to repay the obligation. To others the millers adopt another course, and threaten that if they oppose them, or even complain of their exactions, they will charge them double, or spoil their meal, or not grind at all, or even close up their road to the mill. The cause comes into court. Trial is expected; the farmers are confident of success. The case is called; the plaintiffs have had mysterious difficulty in getting some witnesses to attend, but still are ready. The miller surveys the jury; against all the calculations of chances, there is not one of the favored men impanelled, nor one whose fears he can sufficiently rely upon. One of his witnesses is sick or absent, and his deposition must be taken. The cause is postponed. Another term comes round. The deposition has not been taken, and the farmers expect an effort at further delay and resolve to oppose it. The point, however, is readily yielded, for this time the foreman of the jury is one of their most favored customers, and some of his associates are timid men, already afraid of injury from the millers. The cause is argued; the farmers think their case fully proved, but are astonished by a verdict against them. Suspicion is excited, counsel advises change of venue; but the power has become ubiquitous, and the farmers awake to the fact, that, instead of living under a government in which the people are sovereign, an oligarchy is already established, that, with the same laws on the statute book, and with all the forms of free institutions still in being, these millers, by that influence on the individual with which the

control of their bread has armed them, have perverted these laws and these institutions to the purposes of despotism.

But to return to the question. What I submit in the first place is, that these grants with power to take individual property for the use of the road can only be made on the ground of public benefit, and benefit to the public of Rhode Island; our legislature having no power to legislate for any other public. As the amount of benefit is not specified, it must be a reasonable benefit, — that is, reasonable accommodations and facilities at reasonable prices. The legislature could not have given this right to take individual property for the benefit of other States, and for stronger reasons could not make the grant to give the citizens of other States an advantage over our own, enabling them, as in one case stated by the commissioners, to take even our home market away from us.

As to what are reasonable benefits and reasonable prices, we say that competition is the best test. In this reasonable benefit may properly be included the continuing of depots once erected, after business has been invited and investments made in their vicinity in consequence of the accommodation they afford, unless discontinued under sanction of the General Assembly. In this principle, then, that the legislature has no right to make a grant with power to take individual property except on the ground of public benefit, and benefit to the people of Rhode Island, and that the company must take the grant subject to this, its necessary condition, we have a basis for all the first section, which no provision of the charter can destroy.

The removal of depots is not provided for in the charters; and as the interests of the public may be

affected by their removal in a manner very different from what they can be by establishing them, the power to remove cannot be taken as implied in the power to establish, and hence is still, upon the most enlarged view of chartered rights, entirely within the control of this General Assembly, even if the other principles did not cover this point. The necessity of such provision is apparent from the threats made by the officers of the companies, intended to overawe individuals or communities by the fear of being seriously incommoded by the removal of depots; the president of one of them going so far as to threaten the withdrawal of all local accommodations.

The several succeeding sections provide for equality of service and of compensation. And this right rests on the same fundamental principle, which the charters cannot controvert, for it is the very foundation on which they rest. The corporations can have the power to take private property, only on the condition of public benefit; and however difficult it may be to determine the amount of said benefit, it is clear that, whatever it may be, every individual of the Rhode Island public has the same claim, and for stronger reasons this claim is at least equal to that of citizens of other States. Neither the corporation nor the State have any right to make a privileged class which shall have exclusive claims to this benefit, due to the whole public. It would be equally dangerous to our institutions to permit either to do it. These corporations are, to the extent of the benefits due from them to the community, public institutions for public benefit, as the government is a public institution for public benefit. Suppose that the general government should say that the city of New York, importing more

largely than any other city, might import for twenty-five per cent. duty, Boston for thirty, and Providence for forty per cent.; and then that some of the most extensive merchants in New York might have a further advantage over their fellow-citizens, and import for fifteen per cent. Under such a rule the large cities would swallow up the smaller, and men of large capital destroy those of more limited means. It is evident, too, that the exercise of such powers by the government would immediately lead to despotism; and are they safer in the hands of irresponsible corporations?

I think I might safely rest this right of equality on this fundamental principle; but it is at least equally clear from the charters. As before stated, the grantees can take only what is expressly and distinctly given. Suppose they had distinctly asked for the right to discriminate against the citizens of this State, and in favor of those of another State, or even between citizens of this State, would it not have been indignantly refused? If so, such power could only be conveyed by the most unequivocal expression, — by words which would not possibly admit of any other meaning; and if there is no such unequivocal grant, most certainly this right to equality must be presumed still to exist. We say that such is not only not so given, but that it is most clearly denied. There is only one section of the charter relating to tolls; it reads as follows: —

"Sec. 5. And be it further enacted, that a toll be and is hereby granted and established for the sole benefit of said corporation on all passengers and property of all descriptions which may be conveyed or transported on said road, at such *rates per mile* as may be agreed upon and *estab-*

lished from time to time by the directors of said corporation."

Here the company have the power to establish one toll, and but one, and though they can fix the rates, they must be rates *per mile* and *established* rates. Now this word *established* means something. In ordinary use it certainly means something which is not fluctuating or varying. When the price of any article is unsettled, — when, for instance, a steamer arrives with news of a rise in grain, — flour advances: best Genesee is sold by some at $6, and at the same time by others for 6⅛ and 6¼. The papers report that the market is not *established;* next day, perhaps, they report that the price is *established* at 6⅛; and so of stocks, freights, etc. The fair construction, then, on this point, I take to be, that whatever rates are fixed by the directors, they must be established; that is, must be *invariable*, until such time as the directors agree upon and establish other rates.

When discriminating rates are charged to different individuals or communities at the same time, there is no *established* rate.

The present charter of the Boston and Providence Railroad, it is said, has not the term *per mile* in the section providing for tolls. The original charter had, and I did not know that any alteration had been made in this particular. But all the arguments I have so far used apply equally to it, and I think abundantly prove the right of every individual of the public to equality, — to the same value of service for the same compensation. If, for instance, the price of passage over the whole length of their road is one dollar, and over one half of their road it is proportionably worth fifty-two cents, the company cannot

make a greater discrimination, and certainly cannot charge some one dollar and others two dollars for passage over the whole line.

But a further obligation is imposed on the company by the term "per mile." The charge must be in proportion to distance; and in the case of the Stonington road this equality, as I shall presently show, was intended as a compensation to those living on the line of the road, requiring transportation for short distances, for the concessions they made to the company, including their right to have other railroads in the vicinity. The phrase is one in common use, and its signification is well settled. Suppose the company, in strict compliance, should say, "The rate of passage on our road is three cents per mile, and the freight of a ton of iron is five cents per mile," would any one be at a loss as to the meaning? I have seen some ingenuity exerted upon these terms. It has been argued that if the rates should be three cents per mile to Westerly, and four cents per mile to Kingston, they would still be rates per mile. On the same ground it might be said that if the rates to Westerly were three cents per mile to John, and four cents per mile to George, they would still be rates per mile; and of course the term "per mile," in no way qualifying the power, might as well be omitted, and the section read, "at such rates as the directors may from time to time agree upon," which violates a well established rule of construction. But it is not now contended by the learned counsel that this phrase does not mean *in proportion to distance.* He says, if I correctly understand him, it was copied from the old canal charters which provided for a toll on boats, and admits that if cars were put on the road by other parties, the toll

must undoubtedly be at a uniform rate per mile. But he contends that this toll does not apply to the transportation of passengers and merchandise by the corporation in their own cars. But the terms of the section are, "on all passengers and property of all descriptions," — terms which I think preclude the idea that the word toll[1] is intended to apply only to the transit duty of cars owned by other persons. If, therefore, there is any ambiguity, it seems to be conclusively settled by the testimony of the Hon. Benjamin B. Thurston, who says: "The charter of the Stonington Railroad was granted while I was a member of the House of Representatives. It was considered then that it was a monopoly; and the Hons. E. R. Potter and Benjamin Hazard argued, and others replied, that the monopoly might impose on our citizens, and require that, if such monopoly was granted, our citizens should have freight and passage at the same rate in proportion to distance as freight and passage should be between Boston and New York. Counsel for petitioners stated that they wanted an exclusive grant to enable them to get the stock taken, and also to control the through business; and that if the State would give the exclusive grant, they would agree to carry freight and passengers for the citizens of this State as cheaply per mile as they carried the through freight and passengers; and that, as it would be worth more to carry for short distances than for long, this would be giving the people of this State something in return for the exclusive grant. This was substantially the debate on the passage of the charter."

[1] This term "toll" is applied by our General Assembly to the passage money in crossing ferries, where it could not be presumed that it was merely for the privilege of running a boat by other persons than those owning the ferry.

The gentleman says that we cannot go behind the charter, — cannot thus explain it. I am not familiar with the rules of legal evidence, and can only say that I have noticed the same mode is adopted to explain and construe the Constitution of the United States, the charter by which we hold all our political rights, and I should suppose it might be used in construing the charter to a railroad corporation.

Again, it is an established rule that statutes relating to the same thing are to be construed together: "they must be viewed together in all their parts; and if by any fair construction the whole can stand together that construction must be put upon them;" and "if it can be gathered from a subsequent statute *in pari materia* what meaning the legislature attached to the words of a previous statute, they will amount to a legislative declaration of its meaning, and will govern the construction of the first statute." Under this rule, then, the law passed in '37 would explain the fifth section of the charter. This law makes it the especial duty of the railroad commissioners "to examine into the transactions and proceedings of any railroad corporation that now is, or hereafter may be, authorized and established in this State, in order to secure all the inhabitants the same and *equal privileges of transportation of persons and property at all times, that may be granted, either directly or indirectly, by any such corporation to the inhabitants of any other State;* AND RATABLY IN PROPORTION TO THE DISTANCE ANY SUCH PERSONS OR PROPERTY MAY BE SO TRANSPORTED."

When this law was passed, no doubt there were many members in the legislature who were also members when the charters of the Boston & Providence

and the Stonington roads were passed, three to four years previously; and it is worthy of remark, that the words of the act are such as would naturally be suggested by the terms of the agreement by the corporators, as mentioned by Mr. Thurston, and this law shows conclusively that the term "per mile" was then understood as meaning in proportion to distance.

It is hardly necessary to add, that, if any possible ambiguity is left, the construction most favorable to the public must be adopted.

The learned counsel now contends that this clause applies only to cars put on the road by other persons than the corporation. Another learned counsellor who argued the point on the same side before your committee, contended that it could not have any such meaning. Will any one say that, when two such counsellors employed on the same side come to such opposite conclusions, there is no doubt? and if there is doubt, then the construction most favorable to the public is to be adopted. The gentleman who now appears is understood to have paid particular attention to the law of corporations, and to have very ably expounded that law in his valuable treatise on that subject, and hence it may be inferred that his authority is paramount. If I could yield the convictions of my own judgment even to such authority, I would most willingly adopt the gentleman's construction, for there is no other provision of the charter by which the corporations have power to charge the public; and if this does not apply to the charge for transportation of freight and passengers in the cars of the company, there is no provision in the charter for it. Hence, as they can only legally exercise such powers as are clearly granted, they have no chartered or legal right

to charge the public at all for that transportation, and not only the *equality of the rates*, but the *rates themselves*, are still in the power of this General Assembly. The gentleman, then, is in this dilemma: if the clause applies, the rates must be in proportion to distance; and if it does not apply, then both rates and proportion are subject to the action of the legislature.

Under the first portion of section fifth, the company has power to collect such toll per mile as may be agreed upon and established by the directors. The corporations now tell us that no such toll has ever been *established* by the directors, and of course they have never yet had any right under their grant to collect any money of the public unless it can be found in some other provision of the charter. If I correctly understood the gentleman, he infers such right from another portion of the clause, viz.: —

"The transportation of persons and property, the construction of wheels, the form of cars and carriages, the weight of loads, and all other matters and things in relation to the use of said roads, shall be in conformity to such rules, regulations, and provisions as the directors shall from time to time prescribe and direct; and said road may be used by any persons who may comply with such rules, regulations, etc."

This word "*use*," here, is significant. Its connection with the construction of wheels, form of cars or carriages, weight of load, etc., shows that it was intended to distinguish the matters relating only to the use [1] of the road from those which related to the charges to be made to the public; the former being

[1] The word "use," upon which the argument here turns, has been omitted — no doubt accidentally — in the printed report of Mr. Ames's speech.

qualified so as to insure equality to our citizens per mile, — the latter insuring a similar equality in requiring the company to have regulations by complying with which, every citizen should have the right to put cars on the road. The equality is less carefully guarded in the latter instance, and yet I apprehend no one will contend that the company could have one set of regulations for one man and a different set for another — so that this idea of equality is carried out in both provisions. As if himself feeling that to leave the whole matter not only of the amount of charge, but of the discrimination to be made, to different individuals, or communities entirely in the discretion of the corporations, would be to charge the legislature with monstrous folly; the gentleman contends that the limitation is found in the provision, that when the profits exceed twelve per cent., the legislature may reduce the rates every fourth year. Now it seems to me that this position, if we exclude equality, involves an absurdity no less monstrous. Could the legislature have intended to say, you may go on charging to one half of your customers double the fair price, and nothing to the other half, and yet those highly charged have no relief until the profits (kept down by such discrimination) reach twelve per cent. — unless you adopt this idea of equality, that provision entirely fails of its intent to give protection to our citizens, and the companies could then legally do just what they have been doing: charge our citizens three to six-fold the price to others, and carry for some others for nothing, and yet insist that those overcharged have no redress because the profits of the road have not exceeded twelve per cent. — Without, then, adopting the principle of equality, this clause is wholly nuga-

tory, and shows that such equality was the intention of those who passed the bill. It is a natural idea, so naturally finding place in expression, be it with or without design, it crops out over the whole surface of the charter. The counsel for the corporation, hardly pressed by a question from the Hon. Senator from Providence, says, the corporations get their right to act as common carriers from custom. As he had before stated, that at the time of obtaining the charters the subject was so wholly new that it was expected every man might put his own car upon the roads, I suppose he will hardly contend that this right by custom had previously obtained, and if he means to say that the practice of the companies since is the measure of their indefeasible chartered privileges, I can only say that it strikes me as the largest latitude in the construction of such instruments that I have heard of; I do not believe that it is common law, because it is not common sense. If it is law, a charter for a church might by the wrong-doing of the corporators soon be made to include a bank and a tippling-shop. By the charters, then, these corporations have no right to make the discriminations they practise, and the only remaining question is, shall they be permitted to continue to do so without law and against law? On this point, I apprehend that there will be no difference of opinion.

It is obvious that the community have rights which the report of your commissioners, founded on an examination of the experience of years, shows the present laws are insufficient to protect; and hence, as in all similar cases, we think that stronger protection should be given, and I trust that the suggestions or threats, which have been so freely made by the com-

panies, will not deter this legislature from making the effort to extend some protection. The rights which we ask to have thus guarded exist not merely by force of general law, but by the promises of the companies that they would give our citizens benefits in return for their relinquishment of certain privileges in their favor.

Take, for instance, the case of the Stonington road. It is proved that this company promised this service *per mile* as cheaply for the way as for the through freight, on condition that the citizens on and near the line of the road should, within certain limits, give up the right, which they had in common with every other citizen, to build another railroad. The company thus received a value, and a saleable value. They even contended that it was a value so much more sacred than a man's title to his farm, and even to the graves of his ancestors, that while these could be taken at a valuation for railroad purposes, this exclusive right vested in them could not be infringed, except upon such terms as they might themselves impose. The citizens of Warwick, for instance, had abandoned to the Stonington Company the right to have a railroad from Providence to Plainfield, and though a single dollar of the consideration money has never been paid, the company demanded a payment of $70,000, a large part of which was for the resumption of this right, for the surrender of which the first iota of the stipulated equivalent had never been performed. (They eventually took much less, — I think $22,500.) They thus buy our rights, get them into possession, refuse to pay for them, and sell them back to us.

Take another case. Mr. Thurston, to whose testimony I have already adverted, was largely interested

in the Providence and New London Turnpike, the value of which it was obvious would be almost destroyed by the construction of the Stonington Railroad. He was a member of the legislature, and when the petitioners for the grant offered to carry for the short distances at same rate as they did for the long, he thought the terms advantageous to the State, and he voted for the bill; and yet this Honorable gentleman, thus honorable not merely by courtesy but by his deeds, performing his public duties regardless of his private interests, and whose property was thus sacrificed without any direct compensation, has had to pay for transportation over the road, three to six-fold the rate of those out of the State, who suffered no such injury, and has thus been deprived even of that trifling compensation for his heavy losses to which, by the terms of the charter, he, in common with all his neighbors, was entitled.

The companies claim that they hold their rights by virtue of a charter which the General Assembly cannot alter, and I have conceded, at least for the purposes of this argument, that it is so. If the bargain is thus inviolable on the one hand, should it not in all fairness and justice be held so on the other, and even if the companies could show that some of its provisions work hardly upon them which they have not done even by argument, and most certainly not by experiment, having never complied with any of its provisions, except as it suited their interest to do so. Would this General Assembly be justified in relieving the company while it thus firmly holds the public to every provision bearing hardly upon them, as in the case of Warwick just mentioned? Should the legislature go any further than to say, If the contract after experi-

ment proves to be unjust or hard, let it be given up on both sides and a new one made on such principles as subsequent experience has suggested will be equitable?

But even supposing these considerations of justice and propriety out of the question, is it expedient to allow these corporations to exercise this power of discrimination?

This power is secretly exerted, and the corporations and those favored by them having a mutual interest in this secrecy, it cannot be expected that any considerable proportion of the cases will become public. Nor was it attempted to bring all that were known to the notice of the commissioners. This would have required an amount of time and labor and money, which a few individuals could not well devote to the subject. Enough cases were proved before them to establish each of the allegations, and to illustrate the subject. It was found that several men, by means of discrimination against them, had been driven from their business, and obliged to abandon it to their competitors; and that in another case one of the corporations had secretly attempted to destroy the business of a manufacturer in this State, and when detected, boldly took the ground that it had a right to do so to increase the profits of the road, by the carriage of the Providence consumption of the article from the competitor in Boston.

By this control of the business of individuals, it is manifest that they can destroy or drive away every independent man, leaving those only who will be subservient to them. In this way they can obtain the commercial, and through it the political power of the State, as is already illustrated in the case of New Jersey. It is publicly stated, and I believe has not been

contradicted, that a director of the great corporation in that State recently stated in a public meeting, that their company had $1,000,000 surplus, and by the time their charter expired would be able to buy any legislation they wanted; and that they now buy what they want, I believe is admitted by both the friends and the foes of the monopoly. If we are not already in the same situation, we are rapidly approaching it. Instances of direct interference by a corporation in our elections have already come to light, and since this bill has been under discussion the threat has been made to one of your honorable body that no member who voted for it would be reëlected. But I have already endeavored to show that the exercise of this power not only places the business prosperity of individuals and communities at the mercy of these corporations, but that the freedom of our citizens and the political institutions of our State and country are endangered by it.

In whatever aspect, then, you look at the subject, this principle of equality stands prominently out — start from where you will to approach it, you move directly to it. It is the fundamental condition and the express provision of the charter. It is required by statute law — is commended by common sense and common justice, by enlightened views of expediency and public policy, and is essential to the safety of all our social and political institutions. We have then in this equality, with its consequent regulation by competition, the great controlling truth of this system — a law stamped by the fiat of an immutable and eternal principle upon the universe of trade, in virtue of which all the minor orbs of business may circle around their newly created sun, warmed, enlightened, and invig-

orated by its influence, and though more or less swayed and attracted by the great central power, yet each freely revolving in its appropriate sphere without that danger of being all drawn into one devouring vortex, which under any other hypothesis seemed so imminent. We have arrived at the true Copernican idea! adopt it, and what was before intricate, confused, dangerous, and discordant, becomes simple, orderly, safe, and beautifully harmonious. We shall still have the changes of the seasons, enlivening by variety. We shall still be liable to occasional eclipses, but they will no longer be ominous of discord, bloody wars, and dire disasters.

Sir, when starting from the scenes of strife and confusion which now surround this subject, and reaching a principle which brings all into such harmony, I almost feel myself transported to one of those blissful starry isles I have used in my illustrations, situated far in the serene empyrean where the wicked cease from troubling — where there is no rapacity to be restrained, no lawless violence to be resisted.[1]

If with this system of equality we can, as under this bill, procure the regulation of prices by competition, I conceive there would be no more complaint on that subject than there is in regard to the price of corn. But the whole argument against equality not only denies that competition is the best regulator of prices, but asserts that the arbitrary will of the company is

[1] The bill, as it passed the Senate, was so amended as to give to the corporations the right of discrimination to any extent with the assent of the Chairman of the Railroad Commissioners; and for this concession of nearly the whole rights of the public under the charters, they get in return merely publicity. It is true that this is very important, as it may prevent that secret favoritism which is so dangerous to individuals, and may enable the corporations to control the State.

better. I will not argue this point with the learned counsel. He says our statement of the inequality of which we complain is specious. If I should say the same of his argument on that point, I fear I should be suspected of irony.

He says it is not as we allege against our citizens — that citizenship has nothing to do with it — that is, if a citizen of Rhode Island will go to Boston, or has goods there, he can get passage or freight at as low a rate as a citizen of any other State. Suppose, sir, you should enact a law that corn might be raised in Smithfield and not in Westerly. Would it be any satisfaction to the people of Westerly to be told that if they would go to Smithfield, they might raise corn there as freely as the citizens of that town; and are Rhode Island men to be consoled with the idea that they must expatriate themselves to be put on an equality with others in railroad carriage through our own State? The discrimination is practically against the citizens on the lines of the roads in this State, as compared with citizens of Massachusetts and New York; and we only ask a compliance with the provisions of the charter and with the existing law of the State in that particular; and as years of experience and the facts found by the commissioners show that existing laws are not sufficient to enforce such compliance, we ask for more effective measures.

It is not supposed by the friends of the bill that it will increase the claims of our citizens, or add to the duties of the railroad companies, and I understand their counsel to say it cannot do so. On the contrary, the bill makes some concessions yielding to the companies, as in the price of loading what might be exacted by a strict enforcement of their charters.

The object of the bill is to secure to the public the rights they now have, not to increase them, and hence penalties are provided, which it is supposed may be sufficient to insure compliance with the terms, and so far protect the citizens from the abuses which have heretofore been inflicted upon them, and which the corporations have threatened to increase if this legislature attempts to interfere. One of these provisions, which seems to have aroused the indignation of the counsel, gives to the injured party double damages, for wilful and malicious injury to his property or for the refusal of the company to perform certain of their duties, by which refusal they might ruin him. On this point I will remark that by the grant of what is either an express or virtual monopoly of transportation, the legislature has itself compelled us to come into business relations with these corporations, and should therefore throw around us ample protection from their malice, extortion, or insult.

I am, however, happy to agree with the gentleman that this portion of the act requires alteration. I must further admit that the corporations and their counsel understand this matter of protecting property against wilful and malicious injury, better than we do. I like their idea and would prefer even their formula to that of the bill. I will read it from the 9th section of the Stonington charter. It is the same in the Boston & Providence, and I believe in all the others.

"SEC. 9. *And be it further enacted*, That if any person shall wilfully, maliciously, or wantonly, and contrary to law, obstruct the passage of any carriage on said railroad, or in any way spoil, injure or destroy said railroad, or any part thereof, or any thing belonging thereto, or any materials or implements to be employed in the construction or for the use

of said railroad, he, she, or they, or any person or persons assisting, aiding or abetting in such trespass, shall forfeit and pay to such corporation for every such offence, treble such damages as shall be proved before the justice, court, or jury, before whom the trial shall be had; to be sued for and recovered before any justice, or in any court proper to try the same, by the treasurer of the corporation or other officer whom they may direct, to the use of the said corporation; and such offender or offenders shall be liable to indictment by the grand jury for the county within which such trespass shall have been committed, for any offence or offences contrary to the above provisions; and on conviction thereof before any court of general session of the peace to be holden in said county, shall pay a fine not exceeding one hundred dollars and not less than thirty dollars, to the use of the State; or may be imprisoned a term not exceeding one year, at the discretion of the court before whom the conviction may be had."

I like that word wantonly, which is not in the bill before the Senate. I would not object to treble instead of double damages, and though I would adopt the mildest sufficient remedies, the fine and imprisonment would take nothing from the justice of the provision. And yet, sir, with this law for the protection of their property staring them in the face — a law which they assert this legislature cannot alter, a protection of which even the sovereign power cannot deprive them, these corporations have the audacity to come here, and denounce the much milder penalties proposed for the protection of the citizens, as most unwarrantable and unprecedented legislation.

We are ready to accept the same protection for the property and persons of our citizens against the wilful, malicious, and wanton injury of the corporations, as these corporations have against the citizens for a like

wilful and malicious injury to a hoe or a shovel belonging to them or even to one of their workmen if intended to be used on the roads. Sir, I trust I have made it evident that such protection is necessary, not only to guard our property and our persons from injury, but even for the preservation of individual liberty and free political institutions.

Already these corporations are heaping the most aggravated abuses upon us and openly threatening us with all the insolence of arbitrary power, confident of their ability to maintain the supremacy of their own will to law and justice.

Some of these threats are known to have come from the president and directors, and not from the inferior officers, who merely reiterate them, and when not incited by their superiors in office, are generally civil and obliging.

The report of the commissioners gives but a very faint idea of the extent to which the spirit of the people has been already subdued by this imperious assumption of lawless power.

The few of us who have taken an active part in the attempt to arrest this tyranny know it but too well. Respectable men regarding our cause as just and from the bottom of their hearts wishing it success, approach us when they think they are not watched, tell the story of their wrongs, but decline to act lest the companies should inflict greater injury upon them. I have seen slaves at the South do the same thing, afraid of the lash if their masters even knew that they complained. We have found difficulty in obtaining witnesses, men begging not to be summoned for fear of retaliation; and members of the General Assembly have also admitted that they were afraid to act against

the corporations for the same reason. The power which can control, and secretly control, the means of living has stricken them with the terror of a mysterious supernatural agency. I confess, sir, that my indignation has sometimes been excited by the abject spirit thus manifested in those persons from whom I would expect manly independence; but when I look at it more calmly I cannot but see in such demoralization the natural consequences of the exercise of lawless power secretly exerted, and can only deplore what at first I felt inclined to stigmatize. I have already alluded to the insolence of these corporations. Persons who have paid the whole price of passage from Providence to New York and had tickets to that effect, were obliged to pay over again and a larger amount because they commenced the journey at Kingston instead of Providence, and the money extorted by the threat of being thrown out of the cars if it was not paid. And this insulting threat was addressed to ladies as well as to gentlemen.

In the very wantonness of authority they do not even trouble themselves to find a decent pretext for the wrongs they inflict. Like some brutal overseer of slaves, they deem summary punishment better than argument, and unhesitatingly apply the lash as the readiest means of ridding themselves of troublesome complaints. Their language partakes of the same brutality: they threaten an individual with some great injury and add that will "suple him." I will not however go into disgusting details. The commissioners, without stating the particular cases of proof, have found that the corporations make unlawful demands of us — punish us for not complying with them, and that the existing laws are insufficient to

protect us from their illegal abuse. Will the State refuse us this protection? Where, if not in Rhode Island, shall this incipient despotism be arrested? By whom if not by the children of those who gave soul-liberty to the world shall it be resisted?

Sir, if the humblest citizen of this republic were made the victim of such outrage by a foreign aggressor, the whole military and naval power of the country would, if necessary, be put in requisition, and we would brave all the despotism of the earth to enforce his rights or redress his wrongs. And shall Rhode Island against like outrage, inflicted by one of her own creatures, refuse to her citizens all the protection which she can peacefully throw around them?

Even if the corporations by artful insinuations and crafty statements make it appear to you that only a single citizen claims this protection, can you say under the report of the commissioners that he should not have it? Would you not rather say that the great principle of equality has here ever been held inviolable, and that a single citizen, though he be the humblest among us, is entitled to all the power of the State to protect him from illegal oppression? And, sir, however unworthy of that honor, I here claim in common with you all that I am a citizen of Rhode Island, and however humble my position, with the proudest of you, I glory in that common ancestry which proclaimed liberty with a moral power that has weakened the hands of the oppressor in every land. And from this honored source I claim to have inherited a love of liberty and a practical freedom which I would transmit unimpaired to my children, nor by base subserviency lessen the pride which they may justly feel in an ancestral line which has left its mark on the

character of our State, a race renowned for energy of purpose and devotion to freedom — a race whose resolute wills never bent to power, and whose unconquerable souls were never fettered by tyrants nor trammelled by creeds. When with a retrospective glance I contemplate their strength, I feel how impotent the efforts of their unworthy son. Even while I speak I seem to see them — their strong and radiant countenances benignly beaming upon me as if to nerve my efforts and strengthen my resolution, and I gather a new inspiration from the vision — another thrill to the blood in my veins — another impulse to the emotion in my soul.

Sir, in this ideal presence and on this soil — my native soil — so consecrated to freedom, I feel that I can never forget such a lineage and such a nativity; and if in such a cause as this I ever shrink from any effort or quail at any power, let those benignant smiles be changed to spectral frowns, or to save me from this paternal indignation let my mother earth open her arms and with maternal pity hide the shame of a degenerate son in the oblivion of her bosom.

BRIBERY.[1]

AMONG the offences against society, bribery is probably the worst. Some other crimes are more horrible, but none are meaner, baser, viler, or more dangerous. None so minister to that low order of individuals who covet power without the ability, the character, or the courage to obtain it by honorable means, and none so directly and swiftly degrade and enslave whole communities. All the history of the past teaches the lesson that bribery destroys prosperity and subverts liberty. He who permits himself to be bribed at the polls is placing the legislative and executive power in the hands of any man able and willing to pay the price, and he who either as judge, juror, or witness in our courts of justice accepts a bribe is transferring the judicial power into the same hands. It is but a step from one to the other, and the man who has degraded himself by selling his vote will not be very likely to resist a similar temptation on the bench, in the jury box, or at the witness stand. By means of bribery, then, all the powers of the government, legislative, executive, and judicial, may be made the instruments of wealth, and a whole nation be subjected to the vilest despotism. Every man who sells his vote — every man

[1] A lecture delivered April 1, 1854, in the Baptist Meeting House, Wakefield, R. I. Now first published.

who buys a vote, is contributing to this fearful result. Every man who furnishes the means for bribery is an accessary no less guilty than those who perform the more disgusting portion of the work in executing his unholy purposes. All are contributing to place the powers of the government at the disposal of those most certain to abuse them, and at the same time by demoralizing the people are taking from them not only the ability but the spirit and even the will to resist the degradation of slavery. The powers of government once perverted to the purposes of oppression could easily be made to furnish the means of continual corruptions and abuses. Laws could be passed to strengthen the oppressor and to weaken the oppressed, to make the toil of the enslaved contribute to the power which holds them in bondage. Legislative acts for individual benefit, or decisions of the courts in favor of those able to pay for them, would furnish such a despot with almost unbounded resources. Such slavery — slavery to tyrants with no other element of power than successful avarice has conferred — would be vastly more degrading and less endurable than subjugation to a military chieftain.

The soldier accustomed to peril life for what to him is glory, nurtures chivalric feelings which prompt him at least to preserve the appearance of generosity, of sentiment, and acquires habits of self-sacrificing devotion which are wholly incompatible with the meanness of the avaricious and the turpitude of the covetous. In the exhibition of great energy or daring bravery, even when misdirected, there is an imposing grandeur, a natural sublimity, to which we yield a willing homage, and conceding to it an unquestioned superiority, pay it the tribute of a ready obedience; there is in it

a charm which beguiles us into voluntary submission. But to become the slave of one who has no other claims to superiority than the accidents which fortune may confer on the meanest of our race, of one who has nothing but wealth, perhaps ill-gotten and certainly ill-used wealth, to commend him to the mastery of his fellow-men, to become the slave of this most despicable form of power wielded by some mean-spirited and unrelenting Shylock, is abhorrent to every principle which governs and revolting to every sentiment which animates the human breast.

The amount of money which the unprincipled and unscrupulous could afford to pay for the control of the government would be limited only by the taxpaying ability of the governed, who must ultimately be reduced to the lowest possible means of living, that their labor may contribute the largest possible revenue to those who at the polls have bought and paid for the power to extort it. Such results are inevitable, and the individual degradation and slavery of the great mass of the community are no less certain consequences of bribery than the loss of national honor, of national pride, and of national power. This slavery too, as we have already observed, must be to the lowest form of power, a form in which it is not only devoid of all those qualities which by an inherent virtue and energy at once command and ennoble submission, but is even destitute of every element of respectability.

If, then, slavery is worse than death, he who by pandering to the power of wealth would enable it to subjugate a whole people to its unhallowed rule, is accessory to a crime even worse than that which Nero contemplated when he wished that the citizens of Rome had but one neck that he might behead them all at a blow.

I am aware, my fellow-citizens, that you may think this is carrying out the argument to an unwarrantable extreme, and that you may be ready to ask if it be possible that a crime confessedly so common among us can be so dangerous, so terrible in its consequences, so monstrous, and yet the current of our affairs move smoothly on with hardly a ripple on its surface to mark the dangers which environ us. But that our patriotism is not kindled, nor our pride wounded, nor our sense of security destroyed while a moral pestilence rages in our midst, argues little in favor of our real safety. When in the history of Rome we read that it was customary for a licentious soldiery to sell the empire to the highest bidder, did we not all look upon that mighty nation as obviously in the last stage of existence? Did we not see that its power had vanished and that its honor and glory and patriotism, with every virtue which could impart national vitality, had already departed and left only a soulless mass in which some spasmodic action told but of the life and energy by which it had once been animated? As impartial observers, did we not with disinterested judgment deem a government thus corrupted an evil, which no people, however besotted and debased, would long endure? And yet, now that the government of our own State is annually sold at public sale to the highest bidders, no apprehension is awakened, no indignation is excited, no pride of country is enlisted to avenge the insult or resist the outrage! We apparently feel ourselves safe, though the laws which protect us are being undermined and the power which makes the laws is corrupted, and strong only for evil.

Bribery is comparatively of recent introduction in our country. Its effects as yet are only very partially

developed, but the rapid progress it has made within a few years is a fact too prominent to be overlooked and a warning too serious and too significant to be disregarded. Look at our own State. Only a very few years ago the number of voters who could be directly swayed by money was so inconsiderable that it was only when the parties were very nearly equal that their influence was felt. Now it is well understood that the result of our state elections depends almost entirely on the respective ability of the contending parties to buy the mercenary voters.

Then, too, our legislators were above suspicion; now the venality of some of them is made a subject of merriment — a very serious subject for a jest! A condition of our affairs so humiliating should shame us to effort. A condition so dangerous should spread alarm among us and call out all our energies to the rescue. Where now the influence and respectability which was once conceded to us in the councils of the State? We are known there only to be reproached and reviled for our mercenary baseness, and this even by those who can claim for themselves only a comparative elevation in the scale of political morality. Nor can we console ourselves by the reflection that such contumely is undeserved.

Have our farmers, some of whom — and some having ample estates too, I am told on authority but too reliable — will sell their votes for a very paltry sum, reflected upon the consequences? If they have no manliness, no love of freedom, no pride of character, no patriotic sentiment to elevate them above such meanness, and no shame to save them from such disgrace, will they not let the selfish consideration of personal security or the sordid calculations of pecu-

niary interests prevail on them to preserve the power which alone can protect their persons from violence and their estates from ruinous taxation? Will they not see the folly of the bargain they make? Is it anything short of an agreement that for a certain sum the bribed will give the briber the power to take it all back and as much more as he pleases? If the bribed does not expect to suffer the full penalty of such a bond, he must rely on voters having more virtue than himself to protect him from the consequence of his own act. Men who, being able to be free, basely offer themselves for sale cannot expect their purchasers' will to be governed by honorable and humane considerations or that they will not seek large profits on what they pay.

In some States it is said that bribery has reached the courts, and that in some the pardoning power has lent a willing ear to the prayers of those who could pay liberally for its clemency.

In some States wealthy and powerful corporations have usurped absolute power controlling both the legislative and judicial action — its officers openly boasting that they carry the State in their pockets and that their corporation is rich enough to buy any legislation they want, and both its partisans and opponents admitting that such is the fact. The citizens there have no remedy for any abuse or extortion they may suffer at the hands of this despotic company. They are its bondsmen *by purchase*. They are slaves without any rights, or if any are still conceded to them, without any sufficient or available means of enforcing them against their too powerful masters. Will we take no warning from their subjugation? Can we find no refuge from such despotism? Is there no

remedy to save us from such results of bribery? I answer that there is but one such remedy, and that is the extermination of the cause. In the history of our struggle for national existence they may read that Benedict Arnold bargained away the power with which he was invested for the defence of the liberties of his country, and deem it just that he was executed as a traitor and his name made forever infamous, nor dream that they themselves are guilty of a like offence and worthy of a like reprobation. Does not the man who sells his vote also bargain away the power with which he, under our system of government, is invested for the protection of our common liberties? So far as he has the ability he sells his country. Is he then in principle less a traitor or really less infamous?

Benedict Arnold was invited to the treacherous sale of his army by his ambition which had been disappointed, and by the promise of official station and its emoluments. We have among us men who, invited by a like ignoble ambition, will, for the like rewards of official station and its emoluments, sell at the polls as large an army of their fellow-citizens as from station or bribery they may be able to command. Is their conduct in thus using whatever power they may have to degrade and enslave their country any less culpable or less atrocious than was that of Arnold? Yet the voice of execration is silent and no burst of indignation from a community so grossly insulted, so freely disgraced, and so wronged, consigns them to merited infamy. Even the whisper of reproof is hushed. We meet them in the daily walks of life without a shudder, and take them by the hand as if we feared no pollution.

How, indeed, can there be any safety either for

person or property, where bribery already pollutes the fountain of justice, and judges, jurors, and witnesses are corrupted? How can people be safe in a State where pardons have been so openly sold that a murderer might calculate in advance the cost of his crime?

How can this state of affairs last? How long, I ask, in the name of patriotism and common sense, can this continue, and we not feel that we make ourselves supremely ridiculous in claiming to be a great moral, intelligent, and self-governed people? How long, indeed, after all the elements of self-respect, and national pride, and national glory, and national honor are annihilated, can we retain any standing among nations? How long, after all the ties of mutual confidence are sundered, can we remain a united people, and have even a national existence?

It is painful to contemplate such a termination to all the activity and thrift and prosperity which are now among our prominent characteristics, and to think how all our energies must dwindle, and all the exuberant enterprise which has been fostered by national liberty must stagnate, and all our dreams of national glory be dissipated, by this widespread immorality. More painful still to think that our free institutions, the refuge of the oppressed and the hope of the philanthropist of every land, should fall beneath this overwhelming calamity, and all their elevating and ennobling influences be lost to ourselves and to the world for want of sufficient virtue among us to maintain them!

Nor do I find any relief in the reflection that under these present demoralizing influences our country is still everywhere teeming with mighty enterprises, and

that from one end to the other it still exhibits in its growth and energy all the appearances of a healthy prosperity; that it is still the securest asylum of liberty; that wherever upon the whole face of this globe the humblest of our citizens may roam, he carries with him the protecting panoply of a country, which with the ardor of youth still glowing in its bosom is ready, in the defence of his rights or in avenging his wrongs, to brave all the despotisms of the earth, and which, by the impulses of a noble generosity, carried beyond the limits of a contracted patriotism, extends its sympathy to the oppressed of every land, and is willing to expend its treasure and to pour out its blood for their regeneration: or, looking at practical results, that here are 20,000,000 of people more free, more enterprising, and more intelligent than any other 20,000,000 of people in the world, and happy under a government which embodies their opinions, which is identified with their interests, and which represents their will. For such reflections but tell me of the magnitude of the interests with which we are trifling, of the inestimable value of the institutions which we are suffering to be destroyed, and the priceless worth of the liberty which, under the low influence of a preponderating avarice, we are selling for a little paltry gold. And can any one expect or hope that a people who as often as the opportunity occurs sell their country to whoever will give them the most money, and who elect to the highest political stations men who, regardless of the sacred obligations of their official oaths, and of all considerations of morality and decency, can be bribed, will long hold any high rank, or indeed any rank whatever among nations?

It is therefore that I say, I find little relief in re-

flecting upon the enterprise, the prosperity, and the happiness which now mark our condition, for with this reflection comes also the painful consideration that the fangs of corruption have already fastened not only upon all that can inspire national pride or sustain national honor, but upon all that can secure mutual independence and individual liberty. This consideration, painful as it is, is still further embittered by the thought of the reproach and slander which such catastrophes would bring upon republican government; that we may make it the mockery and jest of tyrants; that all the despots of Europe who have trembled at our success and at our every movement felt their thrones tottering under them, will feel their hands strengthened, their dynasties reëstablished, and in our downfall find new arguments for despotism. That they will gloat over our misfortunes, and in our prostration point us out to their subjects, degraded in feeling and blunted in intellect by long oppression, as a people who by actual experiment have proved the debasing tendency of free political institutions. They may even now point to the State whose pride and glory has been that it first realized the great ideas of civil and religious liberty, and which two centuries ago established a government securing these rights, and sneeringly bid their serfs to mark that already they annually sell their government to whoever will pay most for it, to those who have no pride in its character, who feel no glory in its past achievements, and no interest in its prosperity, — to those who are meanly willing with their wealth to gratify a wretched ambition, and to procure an infamous notoriety, or to purchase the power unjustly to extort more money than they pay. Such moral degradation, they will say, is

the necessary consequence of attempting self-government, and dispensing with a privileged aristocracy whose positions sustain the dignity and character of the nation. And as they use us to point their argument, they will tell their downtrodden subjects how much better and safer it is for them to repose in the keeping of those whose history is identified with their history, and whose glory is their glory, and whose prosperity is associated with their prosperity by hereditary and prospective interests. And if we must be enslaved, better far to take the chances of hereditary masters than to adopt a system which must inevitably select and invest the most vile and unprincipled with absolute power, and this without subjecting them to its proper responsibilities.

I have been accustomed to dwell with pride and satisfaction upon the character and the institutions of our State, its freedom from bigotry, its steadfast adherence to principle, and its devotion to civil and religious liberty; but I can no longer recur to these things with patriotic enthusiasm, or even speak of them without shame and confusion of face; for I can neither conceal from my eyes nor keep from my heart the deplorable and mortifying fact that bribery is rapidly destroying our institutions, degrading our honor, and sapping the foundations of all our principles and all our morality, and almost unrebuked stalks through our land sowing corruption broadcast among us. I conjure you by every feeling of patriotism to save it from this burning disgrace. Let not the State which has nurtured us become a name of reproach and a by-word to our neighbors. Let not the institutions which have fostered in man such high thoughts, such noble sentiments, and such lofty aspirations, be so

humiliated. Let not the land where freedom's banner was first fully unfurled be thus ignobly enslaved. Let not the children of sires who with generous feelings and noble sentiments extended their liberty to all, be debased by a vice so selfish, mean, and sordid.

Again I conjure you, my fellow-citizens, to save our common country from this foul reproach. Let public opprobrium brand the crime of bribery till it exhibits on its face all the loathsome marks of its innate baseness and malignity, and let private virtue shame it from our midst. Let it meet its condemnation in our courts of justice; let it be anathematized from the pulpit, and its vileness and atrocity be exposed in our halls of instruction till venerable age and lisping infancy shall know its repulsive deformity, and, learning to dread its contamination, repel it with all the energy of virtuous indignation. Let us unite in a great moral effort to exterminate it. Let every man who has a vote feel that to him is confided a portion of political power to defend the institutions of the State, and protect the liberty of its citizens. Let contemplation of the sacred obligations of this trust, and of the mighty interests of which he is one of the appointed guardians, elevate him to a proper sense of his responsibilities, and of the true dignity of his position. Let the humblest voter feel when on election day he honestly discharges his duty to his country —

> "The proudest now is but my peer,
> The highest not more high;
> To-day of all the weary year,
> A king of men am I."

And if efforts are made to seduce him from the faithful discharge of his trust, let him determine that —

" To-day shall simple manhood try
The strength of gold and land.
The wide world has not strength to buy
The power in my right hand."

Let every voter be animated by such sentiments, and be elevated above the meanness of selling that portion of political power which he should hold as an honorable trust sacred to his country's use. I call upon you all, of both sexes, to aid in reclaiming the State from the perdition into which she is so rapidly sinking, and again reinstate her in the proud position she once occupied among her sister States. Let every man lend his aid, and let woman too, though she may not mingle in political strife, and has no place at the polls, put forth her power to elevate our sex above the meanness of betraying their country, and degrading themselves, their wives, and their children in a base servitude to the money power. Let the matrons inspire husband, son, and brother with nobler sentiments, and incite them to more heroic action; and let the scorn of the maiden teach our young men a traitor's baseness, and wither the vile wretch who either accepts or proffers a bribe. Let our children learn to spurn and to despise him, and leave no abiding-place for him or for his practices among us.

RESOLUTION.

Whereas, it is notorious that the elections in this town are controlled by bribery persistently resorted to in the interest of unscrupulous individuals, sometimes using one party and sometimes the other for their own selfish purposes, and equally regardless of the interests of either: that by this means we have already been deprived of the right of self-government which con-

stitutes political liberty, and as a legitimate consequence the safety of property and person is threatened;

Resolved, that it behooves all good citizens, irrespective of party divisions, to unite to right this; to redeem our town from this dangerous and demoralizing influence, to regain the liberty of which we have been deprived, and redeem our community from the debasing subjugation which has been imposed on it.

THE NARRAGANSETT SPEECH.[1]

I AM always glad to meet my Narragansett friends. It is here that those principles of freedom, and sturdy independence of character, so conspicuous in the history of our State, are preserved in their greatest purity. I am glad to meet you all — those of you who differ from me, as well as those with whom I agree upon the great political questions of the day. I believe that it is not only the right, but the duty, of every man to decide upon these questions for himself — that in ascertaining the facts, investigating the principles, deducing the consequences, and then acting upon his convictions, he but performs his duty to himself and to his country. It is in this freedom of thought and action that our liberal institutions have at once their existence and their protection. And it is the denial of this freedom not only by legislation in Kansas, but by lynch law over more than one half the territory of these States, that the stability of these institutions is now seriously threatened.

The original issue in the present political contest was upon the extension of slavery into the territories. But this issue, in itself so momentous, has been merged in another of overwhelming importance, and the question now is, shall the powers of this government be

[1] Delivered in Peace Dale, R. I., during the Fremont campaign, 1856.

perverted to extend slavery over the whole country; to enlarge the boundaries of its power, that it may spread the evil more widely; to foster individual and mob violence, commencing a reign of terror and anarchy; to enforce judicial decisions of the most extraordinary and alarming character; to execute laws imposed with ruffian violence upon a people entitled by the law of God and their country to self-government, laws which disgrace the nation and the age — laws which not only destroy personal liberty and deny free utterance to thought, but seek to manacle thought itself? Upon such a question there can be little real difference of opinion in Rhode Island — the land in which the noble principles of Williams and Clarke have been expounded and illustrated in the pure and lofty thought of Channing and Durfee. It is only by ignoring the issue so distinctly set forth, the principles obviously involved, and facts notorious or proved beyond all controversy, that any support can here be obtained for the candidate who stands upon the Cincinnati platform; or, to conform more nearly to his own statements, who is personally buried under it. I believe that platform has not been very freely circulated at the North by the party advocating it. The proof before the Congressional Kansas Committee is boldly contradicted; but no one denies that the laws already alluded to were passed, and that Buford's gang, which went to Kansas for the purpose of enforcing them and driving out the Free State men, were immediately taken into the pay of the United States, clothed with the authority and furnished with the arms of the government to execute their hellish purpose. And in these *admitted facts* there is wrong and outrage, compared with which, all that roused our fathers

to open rebellion against the mother country was but as dust in the balance.

You may wonder that principles so repugnant to humanity should have been adopted by any party seeking popular favor. But nothing less would meet the pressing emergencies of slavery, and the South would accept nothing less, than an unconditional sacrifice of every principle of democracy and of freedom, upon the altar of the Moloch they worship. This was the price demanded, and this the price agreed to be paid, for the one hundred and twenty electoral votes of the slave States. Having these to begin with, they next calculated that by selecting a candidate from Pennsylvania, that State, with its strong democratic proclivities, and the aid of influential personal friends of the nominee, would be secure, and then the addition of any other one free State, which by the chances of the conflict, or by political jugglery, might be obtained, would give them a majority. The plan is marked with the same sagacity, the same policy, which for more than thirty years has enabled the South to rule the North. They unite and dictate their own terms. We divide and submit to them.

But for once I think they have counted too largely upon party adhesion and Northern subserviency. That they will get the one hundred and twenty votes of the slave States I do not doubt; but the electoral vote of Pennsylvania I have, from the first, deemed not so certain. I knew there was a large class of voters in that State, who, though they will take no part in the petty strifes of ambitious aspirants and mercenary office-seekers, will, when a great moral question is involved, do their duty at the polls; and the outrages in Kansas, and especially the recent expulsion of the

peaceful Society of Friends, will do all that is required to call out that class. I knew, too, that the Germans among them cherished that love of liberty which distinguishes the Saxon race, and though they are cut off to some extent from the great currents of information, I trusted to their generous abhorrence of oppression to detect the fraud by which, under the name of democracy, slavery was to be propagated, and I trusted to their sturdy honesty to do all in their power to defeat the attempt. But even supposing they get Pennsylvania, can they get the other one free State? It becomes us especially to inquire if they can get Rhode Island. Since the demonstration of the 10th of September there has been little apprehension of this; and permit me to say, that, after glorying as I have done in Rhode Island principles, I should be most deeply humiliated if she should unite herself with this *un*holy alliance against freedom, and especially after the exultation in which I have indulged, and the pride I have felt in our Narragansett character, should I feel most sorely mortified, if we should suffer ourselves to be the instruments for this degradation of the State.

These results in the State, or this portion of it, have not been apprehended from a direct support of James Buchanan, but from indirect support by votes cast for Millard Fillmore. No doubt much might be said in favor of Mr. Fillmore, as a statesman of experience who has once conducted the affairs of the nation with ability. But it must be borne in mind that he was elected when the slave power held undisputed sway; when both the great political parties deemed it necessary to recognize its supremacy, and submit to its authority, to secure even a possible chance of success; when consequently no man could be elevated to

national place who refused to do homage to this power. But the continued supremacy of the slave power is now the main issue; if he stood fair upon this question, there are few men in this country for whom I would more cheerfully vote than for him. But unfortunately upon this vital question his record is bad. The convention which nominated him refused to admit the principle of freedom in the Territories, and substantially adopted the opposite doctrine, and Mr. Fillmore, as an honorable man, will, no doubt, adhere to the policy upon which he was nominated, and upon which he asks your suffrages. His own antecedents, too, are against him. I have contended, I still contend, that his having signed the Fugitive Slave Law cannot justly be urged against him — that it is a grave question how far a mere arbitrary exercise of the veto power is consistent with the spirit or with the safety of our institutions; but I find that Southern men, whose vigilance in such matters precludes the idea of their being deceived, give him credit for having exerted all the influence of his high position to obtain the passage of that law, and of the other compromise measures so called.

Mr. Gentry of Tennessee, in a speech at Nashville, in March, 1851, said: "The President openly and fearlessly directed all the influences which legitimately attach to his high position, in support of those bills then pending in Congress, generally known as the *Compromise Measures, and under his auspices they became laws.*"

And Mr. Foote, Senator from Missouri, in a speech in California, the following year, stated that Mr. Fillmore (then Vice-President) furnished him with a list of Northern nominees, understood to be hostile to the compromises, for the purpose of their being rejected

for that reason by the Senate, which was accordingly effected; and that presently after his accession to the Presidency he withdrew such nominations of the same class as still remained to be acted on.

But suppose him in all respects a proper man, is it wise for the advocates of freedom to divide, when it is so obvious that the only possible effect or tendency of such division is to give the selected champion of slavery a plurality?

But extraneous causes are operating to produce this division, some of which I will briefly notice. In the first place, the party favoring the extension of slavery claims to be the Democratic party. And there is a power — a magic in the name. For however we may differ as to its practical application, or as to the relative advantages of the democratic and the republican forms of government, there is a democracy which we all respect, which with some is a generous emotion, with others a profound conviction; and which in its various forms makes strong appeals to the common sense and common nature of man, — a democracy which inculcates liberal principles, broad and equal rights, and equal protection to all. But the idea of a union of this democracy with the principles of the Cincinnati platform is so preposterous, so absurdly ludicrous, that, though I feel that very grave interests are at stake, I cannot treat it seriously. It seems to me well illustrated by the story of Ichabod Jones. (You all recollect Ichabod.) Ichabod went West, and not succeeding very well in farming, concluded to try his hand at keeping tavern. He raised a sign, inscribed in large letters, "Tavern kept here by Ichabod Jones." A weary traveller, allured by the sign, stopped and said, "Mr. Jones, my horse is very

tired, I want you to give him some oats." "Oats! we don't keep oats here." "Well, then give him some hay." "Hay! we don't keep hay here." "No oats — no hay — why, what do you keep?" "Why, I keep tavern — don't you see the sign?" "Well, then, let the horse go, but I want some supper for myself; would like some ham and eggs." "Ham and eggs! we don't keep ham and eggs here." "Well, what on earth then do you keep?" "Why, I tell you I keep tavern — can't you read the sign, 'Tavern kept here by Ichabod Jones'?"

And thus the weary pilgrim, fleeing from despotism, hungering and thirsting for freedom, who, allured by the flaming sign of Democracy, there asks for the generous sentiments, the liberal principles, the equality of individual rights, for state rights, self-government, and freedom of speech and press, is now told we have none of them here. "Well, what then have you?" "Why, we have Democracy." "Very good; give me some of the principles of Jefferson." "Principles of Jefferson! We have just driven Underwood from his home, with threat of lynch law, for saying '*he hoped the principles of Jefferson would be carried out.*' We have none of them, we assure you." "What in the name of conscience, then, have you got?" "Why, don't we tell you we have Democracy?" "Well, then, give me some of the doctrines of Jackson; his proclamation was rather strongly seasoned with Federalism, but if you have nothing better, give me some of that." "Doctrines of Jackson! We have had no call for them for a long time; and as to Old Hickory, we did have some of his bark, and though there was no danger at all of its biting them, it somehow annoyed our Southern nullifying friends,

and we threw it away and have n't got a relic of him left." "In the name of heaven, then, tell me what you have got." "Why, have n't we told you over and over that we have got Democracy. Can't you read it there — on the face of the 'Post'?" "Oh, yes! I see — Democracy! Democracy! Democracy! — capital should own the laborers — not hire them.[1] Democracy! Democracy! Democracy! — run quick, catch that panting slave, or be fined a thousand dollars. Democracy! Democracy! Democracy! — and the man who gives him a crust of bread, or says his master has no right to task or scourge him, shall be sent to the States prison for two years. Democracy! Democracy! Democracy! — and if any man circulates a paper insinuating that 'all men are created free and equal,' we will chain him to an iron ball, and make him work for five years on the highways, under a pro-slavery driver. Democracy! Democracy! Democracy! — and if any man aids a slave to gain his freedom, we 'll hang him. Democracy! Democracy! Democracy!" — But by this time the hungry pilgrim has made up his mind that he must go further to find any democracy which either himself or his horse can swallow.

Even among the remarkable inconsistencies of political men and parties, it seems to me most extraordinary, that the party which by legislative resolutions two years ago, in this and many other Northern States, strongly denounced the Kansas-Nebraska Act, should now lend its influence to grosser wrong than the most fearful then apprehended from the measure; that the party, which at the North claims to be in favor of the largest liberty, and which asserts the noble principle

[1] See speech of Governor Johnson of Georgia, asserting this to be the question.

that man, merely in virtue of his being a man, is entitled to a voice in his government, should unite itself with the party at the South, which openly proclaims that the slavery of the laborer, black or white, is the natural and healthy condition of society, and asserts that the experiment of free institutions at the North has failed, and failed because we have here "A CONGLOMERATION OF GREASY MECHANICS, FILTHY OPERATIVES, AND SMALL-FISTED FARMERS," who have political rights accorded to them. In such company many of our purest Democrats must feel much like the man who was invited to take part in a tiger hunt, but finding his comrades bent on stealing sheep, thought it time to leave.

The Democratic party, in the cause of freedom, or in support of any honest principle, would brave the mightiest powers of earth; but when asked to sustain and extend slavery, to become slave-catchers, or steal an island lest its inhabitants should acquire freedom, many of them will, no doubt, think it time to leave — and many of them are leaving.

As another cause for this division, a portion of the American party allege that their committee was not treated with proper respect by the Republican convention at Philadelphia. It is true that the communication from that committee was for a brief hour laid upon the table; and in the confusion of business, necessarily hurried, in a convention of nearly a thousand persons, suddenly brought together, it was not very strange that this should have happened. It was, however, promptly corrected, and every proper attention and consideration subsequently extended to the committee.

But they further say that the Republicans should

have adopted their nominee for Vice-President. This might have been fatal to the nominee of both for President.

Immediately after the conventions, at a meeting of both parties favoring the election of Fremont, at Newport, one of the Republicans stated, that, in view of the noble conduct of the American party at New York, after the occurrence at Philadelphia, he for one was willing that they should settle the question as to who should be adopted in this State as the candidate for Vice-President, and that he would give his support to any course which on *mature reflection* they might think proper to adopt. None of the Republicans objected to this, and I believe they generally acquiesced in it.

Now, it seems to me that this explanation, and this concession, should be satisfactory to the American party. But what if it is not? Will they desert their principles and their cause, merely for the reason that some who espouse the same have been uncivil? Suppose a man should say, Dr. Hall or Henry Ward Beecher did not take off his hat to me this morning, and I will be a Christian no longer, I will turn Jew, Mahommedan, Pagan, or Atheist. And will any of the American party say, the Republicans have not been civil to us; we will therefore aid in blighting this whole country with the curse of slavery, and in butchering the free-state men in Kansas? How absurd, puerile, and wicked!

But I find yet another cause of this division in a jealousy that the Republican party will outlive, supplant, or absorb the American. Both parties, I trust, will last until they respectively accomplish all the moral good of which they are capable. Neither can

last much longer than that, and the only rivalry between them should be as to which will first accomplish its work. But I hope, before I finish, to show that the work of the Republicans is but a necessary step in that of the Americans; and if so, then for us to talk of the Republican party outliving the American is like the one boy offering to bet that he would get all the corn covered before the other got it all dropped.

It is further asserted that the Republican party is sectional, and Mr. Fillmore has himself intimated that if our candidate is elected, the South will be justified in resisting his constitutional authority — a nullification doctrine which I think shows his own unfitness for the high office to which he aspires.

I know something of the South, from personal observation, and through numerous friends residing there, but I have no such apprehension.

Notwithstanding the demoralization which recent events indicate, I believe there is still too much manliness of character among our fellow-citizens there to permit them to take their chance of winning, and then meanly refuse to abide the result if they lose.

But suppose there is not; will they be so wicked or so rash as to dissolve the Union — madly rush upon destruction — merely from apprehension that something unpleasant to them will happen? If so, they might with as much propriety do it now; for from all appearances they are sufficiently frightened to justify anything which mere apprehension could justify. And if they wait for an overt act of Colonel Fremont to justify resistance or secession, I think the Union is safe. What has he ever done or said to indicate ultra sentiments or extreme measures on the subject of slavery? If the Republican party had in-

tended to present such a candidate, there are many in their ranks who would have had precedence of Colonel Fremont; and so far is he from coming up to the views of the warmest opposers of slavery, that they actually have an opposing candidate before the people, and will vote for Gerritt Smith. Colonel Fremont made a noble and successful effort to prevent the introduction of slavery into California, and any man feeling the interest which he did, and who had seen Ohio and Virginia, Illinois and Missouri side by side, might do this without incurring the suspicion of ultraism.

I must confess honestly that upon this charge of sectionalism my views have been somewhat modified. I had supposed that the party which at Cincinnati for Southern votes yielded to Southern demands, and made the peculiar institution the prominent feature of its policy; which there openly avowed its purpose to prostitute the powers of the government to the support and the extension of slavery; which even professed its readiness to sully the honor of the nation by a base robbery of the weak for these objects, and which now presents to us one undivided South, was the sectional party. But in one view of the subject I was mistaken. The Republican party modestly claims that the Territories and States, now free, shall be permitted to continue so; and I do not see how we can escape the charge of sectionalism, except by claiming freedom for the whole country. Nor can we retort the charge upon our opponents, and say, If we are for sectional freedom, you are for sectional slavery; for they have the ready answer: We are for *slavery for the whole country;* and in proof of this they can refer us to the assertion of Cushing, that the sentiments of freedom must be crushed out in Massa-

chusetts; to the threat of Douglas to subdue us; and to that of Toombs to read the muster roll of his slaves in the shadow of Bunker Hill! And for confirmatory acts they may point us to their bloody deeds in Kansas; to a Senator stricken down and mangled for exercising the right of a free man to defend freedom; and, most conclusive of all, to the decision of Judge Kane, by which at one fell swoop negro slavery was established by judicial authority in every State in this Union, and the personal liberty of every man, white or black, subjected to the arbitrary will or caprice of any upstart lawyer who by partisan service or other means gets a judicial appointment.

It was fortunate for our country that this at once bold and insidious attempt to subvert state rights and destroy personal freedom was made upon such a subject — upon a young man of modest mien, till then unknown to fame, slender and delicate in person; with soft liquid eye, indicating tenderness of feeling rather than inflexibility of purpose; a brow, which though manly was moulded into almost feminine grace and beauty, and upon which the ready furtive blush revealed the purity and sensibility of his character. There was nothing to warn the ruthless tyrant of a stern uncompromising resistance to his mandate, nothing of the stalwart form and sturdy, defiant bearing of Luther; but Luther's spirit was in his breast, and blending in his pure and gentle nature, a moral energy, before which that haughty judge quailed and trembled as no judge since Pilate had done, and which compelled that high court, sustained by its host of officials and a dependent bar, invested with all the authority of the government, and with the army of a nation at its beck, to humble itself

before him, and *beg* to be relieved from its humiliation. It was a beautiful illustration of the force of truth, a sublime exhibition of the power of conscious rectitude and devotion to principle. But for the moral firmness of that young man, a judicial precedent would then and there have been established; slavery legalized, and a despotism inaugurated in our midst. This country never can pay the debt, it never can even know how much it owes to Passmore Williamson. I have been surprised that since the first outburst of public indignation against the tyrant judge, and of generous sympathy for his victim, so little attention has been given to this subject. The public mind has been diverted from it by more shocking but not more dangerous outrages. I have taken some pains to inquire, and am told that three of the judges of the Supreme Court are ready to confirm Judge Kane's decision, and that it is almost certain that the places of two of those now opposed to it will have to be filled by nominations to be made by the next President. If we elect a man favorable to the extension of slavery, he will no doubt fill those places with men who will unite with the three, making a majority of the court, and we shall then have slavery established over this whole country by a judicial fiat which it would become the constitutional duty of that President to enforce, if necessary, with the standing army and at the point of the bayonet.

It is for you, then, to decide between the policy which would thus extend slavery over this whole country and that which will still preserve at least a portion of it to freedom. It is for you to choose whether you will strive to place the mighty interests of liberty, our own personal freedom, our national reputation and

the destinies of our country, in the hands of the author of the Ostend Manifesto, either directly by votes for James Buchanan, or indirectly by votes for Millard Fillmore, and thus give your aid to destroy the free-states men in Kansas, and to crush the spirit which animates the Sumners and the Williamsons of our country; whether you will extend to these your sympathy and your protection, and rebuke the ruffian spirit which is so disgracing us, by giving your votes, your efforts, and your influence to the candidate of the two conventions of the advocates of freedom — John Charles Fremont, of whom I propose now briefly to speak.

It is true that, unlike many older politicians, he has no superfluity of antecedents — no lumbers-room full, in which by diligent search something may be found to fit the right or the left of every emergency, and generally so badly fitting, that it were better to throw it away and make a new one.

But his antecedents are all good. Descended from the Huguenots — a picked race — who, like our own Pilgrim Fathers, were winnowed by persecution and who sacrificed everything, suffered everything for principle, he inherits their inflexible virtues.

Born and educated in a slaveholding community, allied by marriage to an influential slaveholding family, he early abjured the institution, and has made successful efforts to prevent its extension.

In boyhood he manifested the talent, the genius, the generosity, the heroism, which have distinguished his subsequent career.

In his perilous explorations of our western wilderness — in the conquest of California and in its subsequent government, he displayed executive abilities of

no common order. His course was marked with the decision, the celerity, the energy of a Cæsar, and, like Cæsar, he has left us in doubt whether most to admire the vigor of his actions, or the graceful simplicity and elegant diction in which he has narrated them.

He has already laid the foundations of an enviable fame. His name is written upon the everlasting snows of the Sierra Nevada, and carved upon the loftiest pinnacle of the Rocky Mountains. There are the lasting mementoes of his heroic achievements.

The summer sun, as in its solstitial height it lingers over the classic spot, will not efface the inscription, nor sully the purity in which it is enshrined; and the beleaguering lightning, as it hurls its thunderbolts against those mountain cliffs, which for ages have defied its dread artillery, will respect the flag he so triumphantly planted, and leave unscathed the name over which it proudly waves.

I might here finish what I have to say of the history of our candidate; but encouraged by the presence of our fair friends, I will venture to allude to one other of his antecedents — HE RAN AWAY WITH TOM BENTON'S DAUGHTER.

Now, were I speaking only to the cross old papas, I might not have dared to mention this. Nor do I now mean to say that it was in itself wise, commendable, or worthy of imitation; but I will say, that the young man, who, under the influence of a pure, ennobling, romantic passion, betrays some rash "precipitance of soul," is infinitely preferable to one who even in love is soberly, tamely, coldly calculating; and these ladies will believe me, I rely upon them to sustain me, when I say that the enthusiastic and aspiring youth, who — unawed by the frown of that stern old man — without

fortune, without fame, without position, with nothing but what was in himself, won the affections of that noble-hearted woman, had a noble heart in his own bosom.

But I must not dwell on this episode of private history, the peculiar sanctities of which I have perhaps already too far profaned, and which I would invoke only to shed its gleam of romantic interest over those sterner realities of his life in which he has evinced courage, fortitude, decision, persevering energy, practical ability, and, above all, warmth of heart and devotion to principle. And his principles are our principles. What more can we ask for in our leader?

It is objected that he is a new man; and we have a new political platform; and one which, recognizing that truth and justice are paramount to selfish interest and narrow policy, I trust has filled us all with new hope, new joy, new zeal, new spirit; and we have older and higher authority than that of our American friends for selecting new men — for refusing to put this, our new wine, into old bottles.

We certainly are consistent in associating such a candidate with such principles; perhaps not more consistent than our opponents, for they have adopted a platform from which they have *eliminated every democratic principle*, and placed upon it a standard bearer, who long since *let the last drop of democratic blood out of his veins*. But put the two platforms side by side, and let any honest man say which is the more noble, elevated, and elevating, which the more consonant with the principles of justice and the sentiments of humanity.

It is, however, but too true that we cannot — we must not — rely solely upon the superiority of our

principles for success. Our opponents are still numerous, well organized, and united by strong cohesive powers — some of them stimulated by interest and passion to unwonted vigilance and effort. Many of them honestly differing from us as to men or measures, and carrying to their cause all the force of honest purpose, always formidable, under the *banner of our country*, and with the battle-cry of *liberty*, they have often proved invincible. It remains to be seen whether they can marshal their hosts under the *piratical flag* painted at Ostend, and incite them to victorious effort with shouts for *slavery*. It still behooves us, too, to be vigilant, energetic, persevering, and, above all, united.

But though our unaided principles may not be omnipotent against error, interest, and passion, they are in themselves a tower of strength, and our cause commends itself to every lover of his race. It is the great cause which in some form has been the political conflict of ages — the great cause of liberty against despotism, of freedom against slavery — that slavery which has ever been the bane and the reproach of our country, and in which there is more lurking danger to our popular institutions than in all else beside.

It is but a truism that slavery is in direct antagonism to freedom. Always obviously incompatible in morals, we may now see that to reconcile them in one political system is a task which all the talent and all the energy which have long been devoted to it have not been able to accomplish.

This incompatibility of sectional domestic slavery with free national political institutions is continually manifesting itself in practical results. In the very inception of the government, it required the legalizing

of piracy in one of its most odious and cruel forms, and since then, and upon the plea of its necessities, has refused to citizens of the free States their constitutional rights; has obstructed the distribution of the mails; denied the sacred right of petition; practically annulled the right of jury trial; perverted that great safeguard of personal liberty (the writ of habeas corpus) to the purposes of despotism; and now in the diabolical attempt, by brute force, to destroy those last bulwarks of constitutional liberty (the freedom of speech and of the press), has ruthlessly plunged our country into a civil war — already commenced upon the plains of Kansas and in the Senate chamber of the capitol. Heaven only knows where it will end! But for all these consequences of slavery the South alone is not to blame. She furnished the poisoned weapon, but it required Northern men, Northern recreants, ay, Northern miscreants, to wield it with most deadly effect. The head and foot of that administration, which, for the fell purposes of an ignoble ambition, has brought this late prosperous and happy country to the very brink of destruction, are Northern men. They seem to be actuated by an evil spirit; and whether by the Devil himself, or, as some suppose, they are set on by the Jesuits, that no less infernal power which he has so often used to subvert empires, to destroy freedom, and crush out the noblest sentiments, the loftiest aspirations, and the holiest hopes which elevate and bless our race, is a question of little importance. In either case it is our obvious duty to take from them, their colleagues and accomplices, the ability to render any essential service to such masters; and this, with the blessing of Heaven, I trust we shall accomplish.

This allusion to the Jesuits brings me to the ground of union between the American and Republican parties, in considering which I will endeavor to give all due force to the peculiar views of the former. Though in it there is an ample reason, this union does not rest wholly upon the fact, that, with few exceptions, the Republicans are American and the Americans are Republican in principle, that each is engaged in a great movement in which the other deeply sympathizes, nor yet merely upon a calculation by union to make a power through which each may accomplish a separate purpose; but rather that the immediate object essential to both is now identical.

The object of the American party is to protect us from Papal domination. The object of the Republican party is to prevent the extension of slavery, and thus protect, or rather relieve us, from the domination of the slave-power. Now what I mean to say is, that the attainment of the latter is that which is most immediately necessary to the accomplishment of the former.

But first one word as to religious freedom, about which we are here all so justly and so proudly sensitive. The Catholic leaders, through their presses, have already proclaimed that, when they get the power, there will be an end to religious liberty in this country. And among a people so jealous of their religious rights, — who deem soul liberty the root of all other liberty, — it would be strange if such an avowal did not arouse a party to protect the inestimable rights thus boldly threatened. There is, however, no intention to retaliate, much less to adopt a creed which teaches that it is a Christian duty to persecute all who do not accept its dogmas and conform to its authority; and the Catholics are here now — as I trust they ever will

be — fully protected in all their religious beliefs and opinions, and in all their rites, forms, and observances. It is not the Catholics; it is not the religion of the Catholics; but the detestable temporal policy of their leaders, their politics, which is here politically opposed. A policy by which the Jesuits everywhere, with sleepless vigilance and satanic subtlety, are seeking to destroy liberty, and which, wherever it has prevailed, has actually reduced the people to the most debasing, hopeless, crushing tyranny that ever cursed the human race; and to tyrants the most cruel, vile, and execrable ever made in human form, to a condition in at least one respect worse than that of chattel slavery; for even the pious hope and the moral firmness of Uncle Tom might have been crushed if his master had made him believe that, through his influence, the tortures he inflicted upon him here would be continued through eternity. Such tyranny, Catholics, as well as all others, should oppose with the most determined and inflexible resistance; and it is encouraging to find that many of them, warned by past experience and by the palpable and atrocious wrongs of ecclesiastical supremacy, are ready to unite with us in resisting the establishment of such despotism here; as we would unite with them for the common defence, if our liberties were thus threatened by a Protestant priesthood. Every country now governed by the Papal power is full of warning to us all, and he who in the present state of our affairs does not see some of the conditions of which the Jesuits have ever been ready to avail themselves, has profited little by the history of the past. We trust in our intelligence to protect us against their subtlety; and with free discussion this would probably avail. But the slave-power is already breaking down this defence, and leav-

ing us exposed to their insidious approaches. It is from the influence of slavery that the Jesuits themselves expect to find the opportunity for our subjugation. In that plan, concerted in Europe some years ago, for the subversion of this government, and the establishment of a Papal hierarchy, with its central power among our Northwestern States, the existence of domestic servitude among us was largely counted upon as an element of success. In the present distracted state of the country, weakened by corruption and intestine broils, — the legitimate consequences of slavery, — with millions among us recognizing a temporal power without the state as paramount to the state, insinuated into all the plans of the government, and forming the bulk of our army, all made subject to one will, by an organization which they are pleased to call religious; it is not very strange that many should now apprehend that the Roman Pontiff can determine who shall be placed at the head of our affairs, who shall be selected to guard our liberties against his own machinations, and thus determine the future destiny of our country for slavery; reducing us and our children to the abject condition of the people of Spain, Austria, and Italy. And I confess I have myself been startled by the reflection that it would be in strict conformity to the usual modes of God's providence that such wilful and atrocious wrong, unredressed and unrepented, should itself become the means of such terrible retribution.

We see that slavery is not only breaking down the *defences* of rational liberty, but that in forcibly proscribing free discussion and free speech it has already destroyed an important *element* of civil liberty; and at the same time has encouraged the insolence which

boldly threatens the destruction of our religious liberties. Such are its natural tendencies, and such its actual results.

It behooves, then, all who value religious or civil liberty, and especially does it behoove our American friends, who are so earnestly and so laudably engaged to protect us from the terrors of an ecclesiastical despotism, and from the unutterable horrors of the Inquisition, to put forth all their energies to obtain an early, a satisfactory, and a just settlement of the Kansas difficulties, and of the whole subject of domestic slavery. This is the issue in the present political struggle, and if the American party at the South are true to their principles, if they are really more anxious to preserve *religious freedom* than they are to extend *chattel slavery*, they will unite with their brethren of the North, and with their Republican allies, in this holy cause.

To prevent misconstruction, it may be proper for me to say that I have a kind regard for our foreign population, and I think I see how it happened that with the best intentions, other feelings prevailed with a portion of the American party. They were aroused by the threat of the Catholics, and at the same time they felt that it would be a violation of one of our most cherished principles to specially oppose their religion with temporal authority, and hence they saw no other way of reaching their object but by withholding political power from foreigners generally. We have an undoubted right to prescribe the terms upon which foreigners shall be admitted. We have always required that they should have time to become acquainted with our political institutions before they should have power directly to interfere with them, and

the proper length of this tutelage is an open question. The subject would be made much more clear and simple by separating the spiritual from the temporal, and asserting that no man can rightfully cover his political with his religious creed, and then claim that both shall be held equally sacred.

Some persons assert that the introduction of foreign labor depreciates the value of our own. I think the reverse is the fact. The introduction of a large body of men, with abilities for hard, patient toil, and incapable or unwilling to perform the mental labor required to direct it, has elevated the American laborers to the class of thinkers, and made them supervisors of labor, in which capacity they can earn the wages everywhere accorded to thought — intelligence — now the most valuable element of labor; when but for this large amount of labor requiring their supervision, they would only be able to earn the smaller wages of bone and muscle. The accession of these laborers has within a few years developed the resources of our country, and added to its products, to an extent which would have required centuries of natural growth; and no man's chance of obtaining his full share of the comforts of life is lessened by their increased production. I have no feeling, then, against this accession to our population. I see in the German immigrants the countrymen of Luther and Melanchthon, of Goethe and Schiller, and the descendants of a race from which we derived some of the best traits of our character; and in the Irish I see the compatriots of Burke, Goldsmith, Sheridan, and Emmett. I see in them a people on whom I have long looked with mingled wonder and admiration; a people in whom centuries of oppression and destitution have not extinguished

the fire of genius nor starved out the natural generosity of their character. To these as to all others fleeing from the despotism of the old world, I would throw wide open the portals of the new. If they come among us, bigoted in religion and servilely submissive to their leaders, I would trust to liberalize and elevate them by the liberality of our institutions coöperating with the love of liberty, implanted by God in every human breast, rather than by any illiberal, narrow, coercive measures of state policy. I would preserve our religious and civil liberties unimpaired, not only for the benefit of ourselves and our children, but that the oppressed throughout the world may here ever find an asylum, where the oppressor cannot follow them. And if the emergency should ever require it, I trust that those who have seen and felt this oppression in other lands will not be behind our native population in resisting its entrance into this.

But to return from this digression. I was speaking of the necessity of our uniting at the coming election to protect our civil and religious liberties from the violence arrayed against them.

But who can say that this government will now last until the people can apply the remedy of a popular election; or that in this emergency this peaceful remedy will avail?

Who can say that the army now crushing the popular will in Kansas will not be used to resist the popular will as expressed through the ballot-boxes, and reënact over this whole country the scenes of violence and lawless outrage which have there been exhibited? Still our proper constitutional, and our safest remedy is in the exercise of the elective franchise. As such it is our duty to adopt it. I cannot, therefore, with some,

counsel violence, but I will not advise submission. We have too long tried that with any other than happy results. The North has continually yielded, and, with every yielding, slavery has been more and more firmly fastened upon us, and with extending area. For this result the WHOLE country is responsible. It is true the disease is slavery, and slavery at the South, but terribly aggravated by submission and by coöperation at the North. We cannot, then, justly impute to them all the blame, or cast all the obloquy upon them. Nor can we properly measure their share of it or even the degree of their moral wrong by our own standard. We are apt, and generally as the best means in our power, to judge of a people by their creeds and their institutions, which, if they produced in practice all the results which we logically ascribe to them in theory, would long since have left no such questions as now agitate us, in any Christian land. By this rule we of the North are very naturally but unphilosophically led to doubt whether it be possible that an institution which is the consummation of wrong should leave a vestige of virtue among those upon whose vilest passions it imposes no restraint. The evil is monstrous; and among its legitimate consequences to the ruling race are instances of the vilest sensuality, the basest brutality, and most atrocious cruelty. But there, too, virtue finds congenial soil, and, warmed in the sunshine, and refreshed by the dews of heaven, acquires vigorous growth, sustains itself in noble natures, and twines its tendrils around gentle hearts. And over all that clouded land we may, as here, find men who, without feeling themselves called upon to become martyrs, or even aspiring to be reformers, in any extended sense of the word, are yet, under good

natural impulses, doing what falls in their way to do, to elevate the standard of morality, to shed happy influences and mitigate the social evils around them.

No doubt the mercenary spirit has at the South much influence upon the popular opinion or popular assertion as to the abstract right of slavery, and that this institution is mainly sustained by the pecuniary interests at stake. This is manifest in the speech of Governor Wise and in the tone of the Southern press. Does the North wonder at this but too common result of selfish cupidity, so common that we may perhaps feel ourselves admonished to be charitable in our judgment, and, in view of all the circumstances, may perhaps find cause for sympathy as well as for resentment? Living in an enervating climate, with the habits, the disposition, the peculiar views of labor engendered by slavery, they cannot dig. A proud, spirited people, accustomed to command, they cannot beg. And it is not the first time in the history of the world that this combination of circumstances has successfully resisted the demands of truth and justice.

But compare even such men, educated in self-reconciling familiarity with slavery, with no moral instruction against it, their ministers of religion boldly proclaiming from the pulpit that it has God's special sanction, with *some* Northern men, who, holding the institution to be the most vile and atrocious outrage upon humanity, are still ready at every call of avarice or ambition to give it their support, and who even lend a willing ear to such suggestions as that, if the Northern manufacturers will aid in extending this atrocity into Kansas, they can have a *profitable tariff* accorded to them. For the vindication of the North, for the vindication of humanity, let me say that this foul pro-

posal has been met with befitting scorn, and that with few exceptions the manufacturers of New England would witness the destruction of every spindle, as I doubt not the iron-masters of the Middle States would forever extinguish their furnace fires, rather than become parties to such infamous, such execrable contract. It is the dictate of common sense, confirmed by reason and experience, that on this subject we have more to apprehend from a Northern man who has deserted his principles, than from a Southern man who has adhered even to the errors in which he has been educated. John C. Calhoun, in his time, went farther than any other *Southern* man in defence of slavery, and we now have the testimony of Governor Wise of Virginia, — testimony which our opponents certainly will not impugn, that James Buchanan then went farther than he did, and that if the advice of James Buchanan had then prevailed, the foul system, under which Virginia, from being the mother of heroes, has become a breeder of slaves, would now be fostered by a price of three to five thousand, instead of one thousand dollars per head. The candidates stand in remarkable antithesis to each other. We have a Southern man, who by his own reflections has been converted from the principles of slavery to those of freedom. They have a Northern man, who, by the anger of the gods, has been permitted to believe that the institutions of slavery are preferable to those of freedom. If James Buchanan is an honest man, what does this conversion say for his intelligence? and if he be intelligent, what does it say for his honesty?

And it may well be said that if there are those at the South who, on this subject, have no insurmountable scruples, we claim no right to interfere with the

institution in their States, and they ought not to attempt to force it upon us, nor by a hard, an unjustifiable, not to say a false construction of our bond, compel us to sustain what is so repugnant to our sense of right — what we so conscientiously abhor. But, until very recently, what evidence have we given them that we thus abhor it? Have our political demagogues and doughfaces taught them this lesson in Congress? Have the Union-saving meetings, called to propitiate their favor and to secure their trade, revealed it to them? Have we not rather given them reason to infer that they who were ever ready servilely to do their bidding might properly be treated as slaves? — that they who for gain would abandon every principle they professed, might justly be ranked with those despised necessities of their system who hunt runaway slaves? To them the apparent conclusion from our own acts was that they might deal with us in the double capacity of slaves and venal mercenaries. The services of the former they were accustomed to command more by the fear of punishment than by the hope of reward, and the latter to degrade by hire to that, even in the eyes of interested slaveholders, most vile and execrable of all created things — a slave-catcher. Having the power, the passage of the Fugitive Slave Act by the South, aided by Northern recreants, was but a logical consequence of this apparent position of the parties. As mercenary and unprincipled, they made us slave-catchers, and as slaves, they generously gave to the driver an extra five dollars per head to insure his fidelity, and severely punished any others of the gang who refused to do their task-work under him.

Again, with them contracts with slaves have no legal efficacy. Hence they unscrupulously repealed the Mis-

souri Compromise, and still under this delusion characteristically sought to silence annoying and troublesome complaints with coarse threats and ignominious brutality.

But the Northern spirit is at last aroused, and we do well to let our Southern brethren know that our political demagogues no more represent the general sentiment here, than the Legrees do the general character of Southern planters; that throughout our whole population there is a firm, determined, though unobtrusive and unpretending spirit, which makes them as indignant as the most chivalrous slaveholders at the idea of being made slave-catchers, and that upon them neither the terrors of the law nor the threats of the lawless can ever enforce such degradation.

It is well that the South should know that it has not only aroused the spirit and the pride of the North, but that it has awakened its conscience, and of this I trust we shall give them a conclusive numerical demonstration in November. Much of this aggression has been invited by Northern imbecility and Northern treachery.

It seems we needed all this abuse, insult, and violence to awaken us from our lethargy. It required a moral hurricane thus to arouse us on this subject. I almost fear it has come too late, and that nothing short of national extermination, by civil war, can now eradicate the poison, which has infused itself through our whole system. Our situation is alarming. We are no longer approaching a crisis; with civil war the crisis has arrived. And who among us, fortified in mature thought and sound principles, is prepared for the emergency? For myself, I confess that while I rejoice and have hope in the fact that we are aroused,

and especially that we have risen above all suspicion of those mercenary considerations heretofore imputed to us, I see no cause of gratulation in the popular demand that violence shall be met with violence. When the moral power of a people has become so weak that violence cannot be restrained by law, they must speedily relapse into barbarism, unless arrested in their descent by the strong hand of despotic power.

Violence reproduces itself, and may make a desert of our country before it can give us peace. In this emergency we need to apply a better and a milder remedy. It is still in the power of the North, by one decisive and united effort at the ballot-boxes, to settle all the difficulty — to do it peaceably, and prevent the future effusion of blood. Having this power, the North should be magnanimous, and exercise it in no unkind spirit to any, but for the common benefit of all. It is sometimes the duty of those who have the responsibility of power to use it, even at the risk of being suspected of unkindness to those for whose benefit it is exerted; and I believe it will not be long before the South will itself appreciate the wisdom of our design to preserve the rest of our territories from a system which has already blighted so large a portion of it. It is true, that their present views are entitled to equal respect with our own; and in their own States we accord to them supremacy, but we know of no mode of deciding the policy to be pursued as to the territories — the common wards of all — but by the constitutional majority; and that the system of free labor has concentrated a large majority of the population of the States upon less than one half their area, is no slight indication of its superiority. It is a beautiful mechanism which thus gives the power to those systems which produce the greatest

prosperity. In the decision of such a question, also, we may very properly refer to the opinion of the whole civilized world, which is in our favor. It may be true, that when, in this country, the freedom of speech and of the press is denied by law, and this law is sustained by the government with military force, that the right of revolution intervenes. But this is a right always to be exercised with discretion. Revolution once availed us, but what have we now to expect from it? Can we, as then, point to the men at the head of our affairs, and say we rely upon their wisdom, and confide in their virtues? I fear we have no such refuge, and I feel that in the general corruption of our government, we have more cause for apprehension and for despair, than in the particular acts of lawless and brutal violence which have so justly incensed us. When the judicial power has become an engine of despotism; when the military force of the government is arrayed against the rights of self-government and the freedom of discussion; when our Representatives in the National Councils are many of them notoriously swayed by the patronage of power, or by more direct appliances, and the public sentiment has become so demoralized that venal peculation and bribery call forth no condemnation or reproof, what have we to hope? What, in this condition of our affairs, can we expect from revolution, but carnage and anarchy, ending only in despotism? It requires no prophetic vision to see that such consequences are now within the range of possibility, and as I look at them, the stirring events, the startling outrages of the day lose their immediate significance. The meanness which I scorned, the base brutality which shocked me, and the tyrannical exercise of power which filled me

with resentment, are forgotten, when the unfathomable abyss of civil war is yawning before me, and I am absorbed, appalled, and dismayed in contemplating the stupendous destruction of the interests and the hopes of humanity, now so imminently, so recklessly threatened.

Our ancestors, by self-sacrificing devotion to duty in the Revolutionary struggle, advanced the cause of freedom. We have found the boundary of that advance in domestic slavery, and have too long delayed to do our part in completing what they so happily commenced. We have delayed it until we can now claim no generous virtue in its accomplishment. For we have delayed until the slave-power has menaced our state rights, our personal rights, our own personal liberty, and even threatened to pollute the shrines we have consecrated to liberty, with the foul rites of slavery. And we have delayed it until the judicial power and the military force of the government have been put in requisition to execute these threats. And with this long participation in evil we have become so degraded that nothing seems left to us but to fulfil those conditions by which, in the order of Providence, suffering, as a last alternative, is required to expiate wrong, and is made a condition of our regeneration, that virtue may be developed and strengthened in its accomplishment.

In the name of a down-trodden race, we have been arraigned at the bar of the high court of eternal justice for high crimes against humanity. The verdict of guilty has been rendered, and we await the sentence of an infallible Judge. And if we have not yet advanced beyond that point in morals, at which, even in our fraternal relations, violence must be met with violence,

and blood is required for blood, we may well apprehend that the justice which we mete out to others will be meted out to us, and that those consequences of slavery which Jefferson long since deduced from the character of the institution and the justice of God, will be visited upon us. If so, may Heaven be merciful. But if the impending judgment cannot be arrested, either by the virtue of the people, or by the martyr blood of the brave and gifted among us — if the expiation of this enormous wrong requires that our country should be deluged with the blood of civil war, in the name of humanity let it come now, and not be entailed on our posterity, as an accumulating curse, blighting all the fruits of liberty, and crushing all hope in the future. Yes, if it must be met, let us meet it now, and Heaven grant that with calm wisdom and energetic virtue we may so meet it that the bitter cup of ecclesiastical, political, or military despotism may never be pressed to the lips of our children.

But, as I have already intimated, I see no hope of averting such calamity by violence, — individual or combined, — and if we cannot avert it by a combined effort at the ballot-boxes, we must not retrograde by resorting to low strife and ignoble violence, but still seek a higher elevation for our country in nobler and loftier forms of power.

The patriot who with self-sacrificing devotion is ready upon the battlefield to pour out his blood in defence of his country, is animated by noble impulses and glowing virtues. He has attained a high elevation; but a yet higher is allotted to those pure and gifted spirits who, unsustained by the excitement of conflict, can stand erect upon the rock of principle and with calm uncompromising determination, unresistingly

meet the martyrs' fate. To them is accorded a power to move the world, vouchsafed to no other mortals; to them it is given to nerve the arm of the patriot with purer and more thrilling impulses, and to invigorate his soul with nobler purpose, loftier daring, and more kindling enthusiasm. We have all seen how the striking down of one unresisting man, who, without compromising any public right, has nobly refrained from avenging his private wrong, has aroused the indignation of the whole North and caused one universal cry of condemnation upon the aggressor. It has done more than this. It has touched the sensibilities of the South, and the heart of the Huguenot is burning with a mortification which pride prompts him to conceal. And if one of these pure spirits should fall a victim to the violence which, for the love of country and his race, he calmly refused to aggravate by resistance, the higher sentiments, the nobler spirits of the *whole* country would be aroused. With such evidence that Northern sentiment is sincere and that Northern action is based upon principle and not upon policy, all the better feeling of the South would rise up to stay aggression upon it, and even the arm of the violent and ferocious would be paralyzed: for in conscience, thus clearly manifested, there is a power which can kindle the last spark of virtue in the human breast, and before which the wicked quail as the brute cowers beneath the unshrinking soul-lit eye of intelligence. It is in kind that exhibition of power of which the founder of our religion furnished the most illustrious example. I know it will be said that these views are chimerical, that even in this land, boasting its civilization and its Christianity, they are impracticable — that after more than eighteen hundred years of progress under His

teachings, there is not yet the virtue to copy this divine Original. I appreciate the difficulty. I know how hard it is to live up to our creed or our aspirations. But we need only very humble imitators, and the emergency often calls out or creates the virtue it demands; and if it shall become obvious that violence can but lead us through carnage and anarchy to despotism, I trust we shall find many, not only in the high places of power, but throughout the whole of our *as yet* common country, among the descendants of the Huguenots no less than among the children of the Pilgrims, who, to avert such dire, such unutterable calamity, will be ready to pour out their life's blood in streams as pure and copious as ever moistened the plains of Palestine, and who in such a cause will be as willing victims as ever trod the summit of Mount Moriah.

ADDRESS

OF THE

REPUBLICAN STATE CENTRAL COMMITTEE TO THE ELECTORS OF RHODE ISLAND. 1860.

THE recent public exposure, the positive proof before a Congressional committee, of the widespread corruptions of our government, are a cause of sorrow and humiliation to every thoughtful man. In connection with other facts, before but too well accredited, they have made our country and its institutions objects of contumely abroad, and have destroyed our self-respect and our sense of security at home. Already foreign comments upon the undeniable and damning facts have made the cheek of every true-hearted American tingle with shame, and have shown that our government, as recently administered, has become disgraceful to ourselves and a reproach and an obstruction to freedom throughout the world. Already has it become painfully obvious that its powers have been shamefully perverted, and that its action may be wholly arrested by official dishonesty, entailing upon us all the evils of anarchy.

The tone in which the Chief Magistrate has spoken of some of these corruptions, while himself deeply implicated in them, and seeking to make them a means of personal aggrandizement, or of petty party advan-

tages, shows that high position and power, instead of being a guarantee for pure and lofty character, may only give audacity to reckless official dereliction.

It is consoling to find that this mortifying exposure has aroused a spirit of reform which is not confined to any class or division, but that many even of the party now long in power, and men prominent in it for ability and virtue, are convinced that those whom they aided to elevate have proved faithless to their trust, and have abused the confidence of those by whom they were elected.

The necessity of a change seems, indeed, to be now generally conceded, and the public attention is fast concentrating on pecuniary speculations and bribery as the ground tier of iniquity at which to begin to break up the old, and found a new order of things.

To this all other matters are becoming subsidiary. Not that these others are not in themselves equally important, but that they cannot possibly precede this one in the order of time. How, indeed, is it possible in a government demoralized by this lowest, meanest, and vilest form of corruption, to inaugurate any other reform until that evil is exterminated? The whole system from head to foot is infected and become rotten with the loathsome taint.

Our citizens travelling in Europe, in the altered tone and bearing of those they meet, are painfully reminded of the loss of character and position which we have sustained; and in returning to their native land, find cogent reason for the contempt and the censure, in the fact that to protect themselves from rude and studied personal insult or annoyance, and their property from wanton injury or depredation, they must bribe the officer of the government with

whom they first come in contact. How is it possible, with such facts in the face of every man who visits our country, that we should retain any respectable position among nations? Or, turning to our material interests, of what avail is it to pass tariff laws for the support of the government and incidentally to protect or encourage our own labor, if the officers of the customs cannot be relied upon to collect and pay over the duties imposed? Even without experience, we might know that the government in such a case must borrow, and the just expectations of labor be disappointed. Or, looking to those higher interests and duties, the neglect of which degrades us to the lowest point in the moral scale, of what avail is it that the representatives of the people, acting in harmony with the popular sentiment, pass laws for the suppression of the slave trade, if the officers charged with their execution can be induced quietly to depart with "a little box" when they should seize a vessel?

Of what avail, in short, are any laws for the protection of our persons and property, if they are not honestly administered and faithfully executed? What *can* they avail, when bold, bad men, relying on a lax or corrupt administration, openly avow themselves pirates, and break and defy the laws with impunity?

When the law lends its aid only to rapacity and fraud, and at the same time forbids men to use their own strength and courage to protect themselves from violence and extortion, it becomes a most odious form of tyranny, binding its victims and letting beasts of prey loose upon them. A corrupt government, instead of being a protection and a blessing, becomes a dangerous institution, while the cost of its support is quadrupled.

That there must be a change from this low, this deplorable condition of our affairs, is very generally conceded. The question is as to the mode; and upon this point all agree that we must begin by placing an *honest man at the head of affairs* — one who in that position, by the moral force of example, and by making honesty and ability essential prerequisites to official station, will infuse a virtuous energy into all the arteries of the government, and who, with a proper sense of his position and responsibilities, and elevated above the narrowness of party and sectional considerations, will be the President of the whole people, of the whole country; one who, with persevering and resistless energy, actuated by honest impulses and patriotic devotion, will stay this appalling and dangerous corruption, and with fearless and inflexible purpose will drive the vile swindlers and speculators, the base money-changers, from the temples of our common country; and one who, with a wise and just economy, will bring the government back to its primitive simplicity and purity; with the aid of wise counsellors, adopting a policy and promoting measures which shall again make us respectable at home and respected abroad; again restore to us, to the whole country, the security of wise laws, ably and honestly administered and faithfully and impartially executed; and by these means give an impulse to that progress in national prosperity, virtue, happiness, power, and glory which shall vindicate our free institutions from all aspersions, and again make them the object of our patriotic pride and affection, and the hope of humanity.

But who shall do this? It is well known that on many former occasions, and in all parties, the stimulated activity of political jobbers and gamblers, inter-

ested in continuing public peculation and plunder, has been a serious obstacle to the nomination of any man whom they suspected would correct it. This has at last been surmounted, and from among a number of our fellow-citizens of various sections, any one of them able and worthy and ready to perform this high duty to his country, the Republican party in convention unanimously nominated Abraham Lincoln of Illinois, a man proverbial for uncompromising honesty, indomitable energy, and fearless independence of character, and intellectually able to cope with the giants of the land. There were others equally high in the public estimation, and equally enjoying the public confidence; but he was selected as being especially free from any entangling alliances with political cliques whose views or interests might embarrass the public service, and as being personally less objectionable than many other prominent men of the party to our fellow-citizens at the South, whose wishes and feelings we are bound not only by the ties of country, but of justice, to consult, and as far as principle will permit, to regard, in the formation of a government in which they have a common interest, which they are equally bound to support, and to the protection of which all have an equal claim. If we differ from them in opinion or in principle, we concede to them an equal right to act upon their convictions. If any at the South or at the North believe that domestic slavery is right and good, and elevating and conducive to national prosperity and happiness, it is their duty to endeavor to extend its blessings into the common territory of the Union. If, on the other hand, any at the North or at the South believe slavery to be wrong and bad, and debasing and inimical to the national

prosperity, it is the duty of all such to endeavor to save our territory from that blighting curse. And though individual opinions cannot be formed nor principles settled by majorities, yet the question as to which of conflicting opinions or principles shall control the national policy, must be settled in the constitutional mode. In the excitement of the moment, in the contest for candidates representing these opposite views, our fellow-citizens at the South may not be willing to concede to us this consideration for their rights and wishes; but it is notorious that the belief which obtained in the Chicago Convention, that Lincoln would be less objectionable to the South than some of his compeers, was an important, if not the decisive point in favor of his nomination. With his name they have associated that of Hannibal Hamlin of Maine, a man of whom we need only say, that in his personal sacrifices for principle, when differing from his party upon an important issue, he exhibited that sterling integrity and nice sense of honor, which must commend him to all who respect virtue and admire noble sentiment. For such men, selected with such views and for such purposes, we confidently ask the support of all our fellow-citizens of all parties, who desire good government, and who value the conservation of that public morality which is its essential element.

We are encouraged in this by the consideration that there is no probability of an election, by the people, of any other candidate at all acceptable to any considerable portion of our community, and that if such an one should by any possibility be elected by Congress, he would take office with so small a popular vote as greatly to impair the moral power of his

administration; and that at this crisis, all deprecate a reference of this subject to Congress, as liable to inflame those sectional animosities and to increase the corruption which every honest man desires to abate.

And we find further encouragement in the present position of the two great political parties. For while we congratulate ourselves in having been able to select our candidates purely upon principle, we find scarcely less occasion for a patriotic hope of moral progress of the fact that our opponents are divided, and divided upon *principle;* those of them at the North very generally refusing longer to ensure victory, and a share of its results, by lending themselves to maintain and extend slavery, and so tenaciously adhering to their position, that neither the allurements of gain, the enticements of victory, nor the fascinations of power move them from their purpose, showing that they too are animated by principles which elevate them above the sordid calculations of interest and the impulses of a degenerate ambition.

We feel, that to all such, an appeal in behalf of our country, in its present exigencies, will not be in vain. Let us unite and reëstablish the government by the overthrow of those who have virtually subverted it, and leave the discussion of its modifications till we have made sure of a government to modify.

HIGH DUTIES ON WOOL

WILL LESSEN OUR FINANCIAL ABILITY WITHOUT BENEFITING THE WOOL GROWERS.[1]

THE charge of fraud, which is urged as one reason for the proposed change in duty, we deem wholly unfounded.[2]

The evidence of it has been distinctly asked for, and has not been produced.

That the charge is groundless seems to be fully confirmed by the fact, that in all the producing sections of the world, during the past three years, wool, of the kinds mainly imported, has been at prices below the rate at which it is admitted here at the minimum duty of 5 per cent. (This will appear from the foreign price currents, which Mr. Bond will exhibit to you.)

It has been asserted that dirt is mixed with the imported wool to reduce the cost per pound, and the large loss in scouring it, adduced to support the charge. This loss, in unwashed Cape and Mestizo wools, which constitute the great bulk of the finer grades imported, is, on an average, about 66 per cent. Some unwashed home-grown wools will lose in the same process 75 and even 80 per cent., but no one accuses our farmers of adding dirt to their fleeces.

[1] Argument presented by the Committee of the Woollen Manufacturers of Rhode Island to the Congressional Committee of Ways and Means, May 11th, 1864.

[2] This refers to the charge of fraud in the evasion of duty on raw wool.

Various rates of duty have been spoken of. The recommendation of the Committee on Manufactures contemplates 3 cts. per lb. specific, and 20 per cent. *ad valorem* on the home valuation, for wools costing at the place of export 18 cts. per lb., and still higher rates for those of higher cost. This must, no doubt, be paid in gold, for any other payment would involve a breach of faith to the public creditors.

Under such a duty, wool costing 18 cts. abroad could not now be sold here under 50 cts. This would make the duty 13 cts. in gold, equal at present to over 22 cts. in currency, or about 66 cts. per lb. on the clean wool, and over 80 cts. per lb. on the final result in goods. Such a tax on the raw material could hardly fail to be most disastrous to the woollen manufacturers. To impose it, without countervailing legislation, would be to single out and consign one great industrial interest to destruction.

We shall not, however, found any argument we may here present, upon the pecuniary interests of the manufacturers. We are aware, that great as those interests are, they must, and, under existing circumstances, should, yield to the requirements of our country. In the distribution of taxation a large burden has heretofore been imposed upon the manufacturers, which is now about to be much increased. This they will cheerfully meet, as they have before met all that has been required of them. They raise no questions as to their proper share, but, as loyal citizens, consent that the service required of them may be limited only by their means; and if the exigencies of the country demand it, or even if its financial ability will thereby be greatly increased, they are ready to make the sacrifices which the proposed measure will entail upon them.

We shall then only inquire what effect this measure will have on the financial ability of the country. This is not now a question as to the expediency of Free Trade or Protection generally, nor yet as to the greatest amount of revenue which can be obtained by duties on imports. The cost of war now tasks our whole industrial ability. The government can always get, in the form of taxes or of loans, all the people have to spare; and having exhausted previous accumulation, can get no more than their surplus earnings. Hence, the proper object of financial measures now is, to enable and stimulate the people to earn and to economize their earnings, that the government's available source of supply may be increased. Every dollar paid into the Treasury for duties indicates that a much larger amount of gold, or other equivalent product of labor, is sent abroad. If our own labor could be made to supply directly everything now needed, though it would not be the most enlightened policy, and though one source of revenue would thus be cut off, we should be financially safe. Now, one mode of stimulating labor is to supply it freely with raw material to work upon; and one mode of inducing economy is to direct this labor to the producing of economical articles. Under the present duties, coarse wools are admitted at less rates of duty than fine, and the result has been that substantial woollen fabrics, of comparatively coarse material, made seemly and tasteful by skilful artisans, have come to be generally used by all classes.

The disturbing of labor is always attended with present loss of product; and thus to disturb a large industrial pursuit, at a time when all the energies of labor and all the profits of invested capital are required to defray our vast expenditure, would be peculiarly impolitic.

The wool produced in the United States being only one half enough to supply the machinery, and some kinds which are needed not being produced at all, so largely to enhance the cost of the imported would enable foreign manufacturers, getting the same wool at very reduced prices, to introduce their fabrics; and thus, while a portion of our own labor and capital would be rendered unproductive, large amounts of gold would be required to pay for imported goods.

We are aware that it is proposed to add as much to the duty on goods as is added on wool; but past experience shows that this will not avail. Above a certain point in the scale of duties the profits of evasion by fraud or direct smuggling defeat such intention. The government then loses the revenue; the manufacturers are deluded and ruined; the wool grower loses the home market, and still the amount of gold required to be sent from the country is *increased;* for this fraud and smuggling are generally perpetrated, not by merchants regularly established among us (native or foreign), but by foreign adventurers, attracted by the opportunity which extreme duties present, and who, having accomplished their designs, secure their profits and their own safety by fleeing our jurisdiction, taking with them, in gold, not only the first cost of the goods, but all that portion of the proceeds of them of which they have defrauded the government. Our finances would thus be affected in their most sensitive and vital point.

Within the recollection of most of us, the business of importing certain kinds of woollen goods was thus taken entirely from the hands of regular merchants.

If the proposed duty on wool of 3 cts. per lb. and 20 per cent. *ad valorem* is adopted, then, to maintain

the relative position of the home manufacturer will require an addition to the duty on goods equivalent in currency to nearly 80 cts. per lb., and a further addition to balance the 5 per cent. excise tax on home products, which being on home valuation, neutralizes a much larger percentage of duty levied on the foreign cost. That, with such large additions, the point at which high rates of duty defeat the objects both of revenue and protection would be reached, appears from the fact that Congress has recently been called upon to take measures to prevent smuggling on our northern frontier. While we have to keep an army at the South to maintain our government, we can ill afford to keep one at the North to protect its revenue.

When we further consider, that of the wool imported the government requires more than one half the quantity for the use of its army and navy, it becomes obvious that the amount of revenue derived from the other portion will be inadequate to meet the greater risk of loss by the evasion of the duties on goods, and the cost of increased vigilance to prevent it. If, to avoid this risk, the duties on goods are not raised with the duties on wool, then the manufacturing is transferred from our own to other countries. As we have the labor, skill, and machinery to manufacture, it is clearly more economical for us to import the wool rather than the goods ready made.

The proposed duty being thus injurious to the national finances, and to a large branch of national industry, we would next inquire whether any great interest will be promoted by it. We can hardly believe that the project originated with the wool growers.

Their interest is completely identified with that of the manufacturers. They have always been prosperous

when the prosperity of the manufacturing interest secured them a home market, and their seasons of depression have been, only when the depression of manufacturing has diminished the home demand.

It seems, indeed, evident that with the abundance of cheap land and a favorable climate, our wool growers have nothing to fear from competition with other wool-producing sections for our own market. The addition of 50 per cent. to our woollen machinery during the past two years, and the rate at which it is still increasing, assure the wool growers of this advantage for many years, provided this machinery has the home market for goods. This advantage is further secured to our growers by the character of their wool. Variety in soil and climate produce marked differences in its working properties, and our native-grown wool is universally preferred to that which we import, except in some cases in which a mixture of some kinds of foreign is desirable.

So long as the home clip is inadequate to the supply of our machinery, there must, for the reasons above stated, always be an active competition in the home market for domestic wool at prices favorable to the producer, and whenever it exceeds the home demand, no tariff will affect it. It is also manifest that it is at least as unfortunate to the wool growers to have to put their wool in competition with foreign goods free of duty, as with foreign wool free of duty; and if, from insufficient demand at home, they have to seek a foreign market for any material portion of their clip, no duty will avail them anything. The only protection, then, which can avail them, must include protection to the manufacturer; and any policy which deprives the manufacturer of the home market for goods, tends to

deprive the grower of the home market for wool, and to oblige him to compete, in the general markets of the world, with other producers. The only reliable protection of the grower is in the ability of the manufacturers to convert his clip into goods which will command the home market.

Henry S. Randall, LL.D., connected with the "Rural New-Yorker" as "Editor Department of Sheep Husbandry," in an "Address delivered before the Wool Growers' Association," in January last, in which, though with some important errors of fact in regard to manufacturing, he evinces enlightened views and liberal sentiments, thus recognizes this identity of interest. Alluding to proposed changes in the woollen tariff, he says: "If in those changes we could obtain a particle of undue advantage over the manufacturer, . . . it is worse than a barren victory, for we injure both him and ourselves. His decay is our decay. His death is our death." Besides this thorough identity of interest, there are other reasons why it seems improbable that the wool growers originated a scheme so destructive to their only reliable customers.

During the past two years, the growing of wool has been the most lucrative agricultural pursuit. Even when reduced to the standard of gold, prices have ruled high. Intelligent owners of large flocks admit a profit of nearly 100 per cent. on the cost. Mr. Randall, in commencing the "Address" just alluded to, says: "The present is an extraordinary epoch in the history of the woollen interests of our country. Under the stimulus of the high prices paid for the raw material, production has increased far more rapidly during the *last two years* than at any preceding period."

Now, it seldom happens that those participating in

such a business trouble themselves to disturb it. The prudential maxim, "let well enough alone," generally prevails, at least so far that no strenuous efforts will be made by the interested parties to change what is so very satisfactory as it is. In this case, the growers may have been induced to take part in a movement which probably originated with speculators, who, having invested in the clip, take this method to make a profit for themselves, regardless of the future risk of loss to which they subject the grower by disturbing the elements of his present prosperity. The intimations which have been thrown out — the threats — that no one would be reëlected to Congress by the people of the wool-growing sections who did not make their interests paramount to the national weal, were probably suggested by the low greed of speculators, seeking gain by an unscrupulous exercise of their wits, rather than by productive labor.

We would refer to one other fact, showing how the proposed measure may prove injurious to the wool growers. It often happens that a superior article is increased in value by having an abundance of inferior quality at low price to mix with it. For some fabrics, the mixture of a portion of cheaper foreign wool with our own is advantageous, and for these our own is actually worth more to mix than to work alone. If, for instance, such fabrics can be made of one half American wool, costing 80 cts. per lb., and one half imported, costing 60 cts. per lb., and so made can just compete with the imported, then, if the foreign wool is excluded, the American, for such purpose, will, as a consequence of this exclusion, be reduced in value from 80 to 70 cts. per lb.

The effect which might follow such exclusion may

thus be illustrated: suppose the value of our own wools for various articles and for this mixing is 80 cts. per lb., and that using one fourth of it for mixing absorbs the whole clip, and further, that, to export, our domestic wools are worth only 60 cts. per lb.; if the exclusion of the foreign cheaper wools for mixing caused a surplus of domestic which could not be used at home, then the price of the whole clip would be reduced from 80 to 60 cts. per lb.; but as the manufacturers can afford to pay 70 cts. for it, to make into the same fabrics for which, with the help of foreign, they could pay 80 cts., the downward tendency will be arrested at 70 cts.; and this reduction will apply not merely to the part used for these goods, but to the whole clip. The price of the whole must come to that point at which the whole will be taken.

If the manufacturers cannot rely upon making up any deficiency of the home supply by importing on terms which will enable them to compete with foreign goods, they must, as prudent men, make sure to keep their machinery *within* the limits of the home supply, and then in all favorable years there will be some surplus, and the whole clip will rule at prices which it will be worth to *export;* while if the manufacturers, knowing that in case of deficiency they can import, keep the wants of their machinery a little above the home supply, the whole clip will rule at prices at which wool of equal value can be *imported* — this difference between *exporting* and *importing* prices, with the present minimum duty of 5 per cent., is not far from 20 cts. per lb. If high duties are imposed, the risk of this large reduction in price will be incurred by the wool growers, while, at the same time, the business of the manufacturers may be very much curtailed, and

so far the prosperity of both branches suffer by such a policy.

If there were any reason to suppose that the measure was dictated by a disposition on the part of the farmers to impose the payment of an undue portion of the taxes upon the manufacturers, we might here urge the very different spirit which the manufacturers have evinced in relieving the farmers from burdensome taxation, even at their own expense; and one of their number, who, we believe, represents the views of a large portion of them, has recently, on grounds of public policy, urged the exempting of agricultural products, at least in the form of food, from the general tax.

Leaving, however, all these minor points, the main question recurs: How can our labor and capital be made most available for the large, immediate, and pressing requirements of the conflict in which we are engaged? We think it clear that this cannot be done by needlessly disturbing the employment of that labor and capital. The present system has been eminently successful. Under it the loyal States have earned by their labor an amount equal to their vast expenditures, and it is hardly reasonable to suppose that under any other system, in the midst of a gigantic civil war, our industrial interests would have been more prosperous, or have contributed more to the ability of the country to meet the extraordinary expenses of such a conflict.

It seems, then, but a plain dictate of common sense, so far as these industrial interests are concerned, to retain at least the proportions of this system as the basis of any modification which the demands of increased revenue may require, judiciously building upon it, and avoiding such radical changes as may subvert

it and impair our aggregate ability by the loss of industrial product in the confusion and changes which will ensue.

In closing, we may be permitted to allude to the promptness with which Rhode Island has met all the demands of this crisis, and to repeat that the portion of her citizens whom we here represent seek no exemption from the public burdens, but are ready not only to do their share, but to do to the extent of their ability; and only ask that their ability may not be needlessly impaired, and especially that it may not be impaired by measures which, benefiting no other interest, tend only to reduce our national resources.

For the Committee of R. I. Woollen Manufacturers.

ROWLAND G. HAZARD.

STATEMENTS

IN ADDITION TO THE ARGUMENTS OF MAY 11TH BEFORE THE CONGRESSIONAL COMMITTEE OF WAYS AND MEANS.[1]

I HAVE given to the several matters which Mr. Morrill suggested the consideration which brief time permitted, and regret that there are not more of our practical manufacturers at hand to consult in regard to their various fabrics. I believe, however, that the estimates of Mr. E. B. Bigelow and myself, made on very dissimilar articles, but agreeing in 60 per cent. as the advance on peace prices, is very nearly a correct average — gold being now at about 175.[2]

With regard to the advance on wool I find, from the official tables, that the average price of sheep-washed fleece wool for 17 years (1843 to 1859 inclusive) was 35½ cents per pound, and that in 1863 it was 71 cents per pound, or just 100 per cent. advance. That of five other agricultural products taken at random, viz., wheat, corn, mess beef, butter, and

[1] Presented to same Committee May 20, 1864, by the Committee of R. I. Woollen Manufacturers.

[2] Since writing the above, Mr. John Gardiner has arrived, and his estimate on other goods gives almost exactly the same result. He also confirms the estimate that it requires very nearly four pounds of Mestizo or of Cape wool to make one pound of cloth, and this will furnish data for estimating the effect of any proposed specific duty on these wools upon the cost of cloth made from them.

cheese, the average advance in 1863 over the average prices of the same 17 years was only 20½ per cent. But there is another element of advance in domestic fleece wool not taken into account in the tables. At the middle period of the 17 years, the average loss in scouring good medium wool was 35 per cent., and in 1863 this loss had increased to 44 per cent. in the same class of wool, so that during the average period from '43 to '59, the growers sold on an average 65 lbs. of clean wool for $35, and in 1863 sold an average of 59 lbs. for $71, making the cost of scoured wool in the former period 55 cents per lb., and in 1863 127 cents per lb., and hence the real advance in price after eliminating the element of grease and dirt, was over 130 per cent. against 20½ per cent. average on five other great agricultural staples, and since 1863 there has been a further advance in these wools of 10 per cent. These facts cannot be accounted for upon any tariff hypothesis, but must be referred in a great measure to the principle I before stated, that whenever a material portion of any product has to be sold abroad, the *whole* of that product is reduced to the price which that portion is worth to export; and conversely, whenever the demand for any product has to be in part supplied from abroad, the value of the *whole* of the home product of that article will rise to the price at which it can be delivered with all the charges of importation. For convenience we will call the former the export price, and the latter the import price.

It is plain, that in the case of home surplus, the *sellers* will compete for the home market down to the price at which the article will pay as well to *export* with all the consequent charges, and that in the de-

ficiency of home supply, the *buyers* will compete for the home product up to the point at which they can obtain equal value from abroad with all the charges of *importing*. In estimating the influence of this change from a deficient to a redundant supply at 20 cents per lb. on sheep-washed fleeces worth about 80 cents, I am inclined to think I was below the actual amount. This estimate supposes the cost and charges either way to be 12½ per cent. While the manufacturers, by being assured of the opportunity to supply any deficiency by importing on reasonable terms, can be induced to keep their machinery in advance of the home supply, the wool-grower is thereby assured of this advantage of 20 cents per pound, which is at once as large in amount as he can possibly expect from any tariff, and much more secure; while on the other hand, if the door for importing is closed, the manufacturers must of necessity bring their machinery *within* the home supply, and this will then insure them a sufficiency of home-grown wool at its value for export, or lower by all the charges of export and sale in a foreign market than the foreign manufacturers pay, which would be a better protection to our interests than any tariff.

As the wool-grower, by having the importing cost price, is now independent of any legislation except that which will destroy his manufacturing customers; so the manufacturers would then be independent of any legislation except that which would destroy the wool-growers and thereby cut off the supply of raw material.

Leaving out of the required amount those very coarse and also some very long wools, of which none are produced among us, and which (unless it is pro-

posed to annihilate the blanket, carpet, and worsted branches of the business) must be admitted on some practicable basis, and also bearing in mind that the home product is largely increased by the pulled wools, which are not included in the official reports, and further, that of the apparently large quantity imported to make up the deficiency, about two thirds the weight is dirt and grease; it seems probable that under the stimulus given to sheep husbandry by the ruling high prices of wool, it will require only about two years to bring about this change in the relative position of the manufacturers and wool-growers; *i. e.*, if the manufacturers now cease to increase their machinery, as they of course will do if they cannot import raw material on terms which will enable them to compete with foreign goods. They could well afford to wait this time for such important future advantages; but even if such gain to the manufacturers involved no incidental loss to the wool-grower, would it be wise at this juncture of our affairs to confer the boon at the cost of immediate disturbance, embarrassment, and loss of product in an important branch of national industry, in which the very large amounts of labor and capital are now engaged?

The sudden increase of the woollen business was most opportune, giving employment to great numbers of efficient artisans and laborers deprived of their wonted occupation by the cotton famine, many of whom, but for this increase, would have had no means of earning their own support, much less of contributing to that of the government, and it is highly important that they should not be deprived of this resource.

The statistics have baffled all efforts to reconcile them with any known law, or even any hypothesis of

tariff influence. Looking back through a long series of years, we here find the *lowest price of wool* coexisting with the *highest duty upon it.*

Though the purposes of legislation must now be conformed to our present peculiar and to us novel conditions, we are not on the questions before us wholly without analogy and experience in the past. For some time prior to 1828 the duty on wool was 20 per cent. *ad valorem.* In that year it was proposed to increase it to 4 cts. per lb. specific, and 45 and 50 per cent. *ad valorem*, and at the same time protect the manufacturer by very large duties on goods. The plan was almost identical with that now contemplated. As a child building a cob-house, they piled duty on duty till the whole fabric toppled over. The measures were adopted, and in the next year followed the greatest disasters to the woollen interest, and the lowest prices for wool, of which the annals of the business furnish any record. The statistical tables do not indicate that, in regard to wool, high duties produce high prices. The opposite inference has with some show of reason been drawn from them. I think, however, they merely show that the prices are not materially influenced by the duties, and that the fluctuations must be referred to other causes. The experience in other countries is similar. The apparent discrepancies in this respect, I think, are in part due to the effect of high duties in depriving our manufacturers of a supply of inferior wool at correspondingly low price to use with and give full value to our own clip; but mainly to the operation of the principles I have suggested in regard to export and import prices; and if so, it becomes obvious that the protective effect to the wool-grower, which incidentally arises from the

necessity of importing a portion of the supply for our machinery, greatly transcends all tariffs, making the influence of high or low duties inappreciable if not wholly nugatory.

If this theory gives any promise of solving the heretofore inexplicable relation (or rather want of relation) between wool tariffs and prices, it behooves our legislators to examine it before they adopt measures fraught with such imminent peril to the manufacturers, and if the theory is true, eventually working injury to the wool-grower.

If these views are correct, it is clear that the interest of the wool-growers will be best promoted by that policy which will longest continue the present insufficient home supply for home demand. It cannot now be expected that the injurious effects of the proposed measures, if adopted, will, as in 1828, be fully felt by them in one year. For the reason that the machinery is now so far in advance of their ability to supply it, two years will, as before stated, probably be required to work out the disastrous consequences, but in the transition the manufacturers may suffer loss, the product of labor in that branch be diminished, and the financial ability of the country so far be impaired. In short, if the views I have presented are sound, the proposed measures will be injurious to the public and to some particular branches of business without benefiting any other.

I do not mean to say that there may not be some increase of duties on wool without serious detriment; but the present system has practically worked well for all, and any changes, *materially* varying the relations of manufacturers and wool-growers, may seriously imperil the interests of both.

Allusion has been made to the large profits of woollen manufacturers. No class needed it more. The business has ever required the most intense and energetic application, and then the result has been ruin to a very large portion of those engaged in it. Vacillating legislation has been its bane.

Their recent profits, however, I apprehend, are to a large extent illusory. They, of necessity, have large stocks on hand, and the raw material they use has three-folded in price since the spring of 1861. This has given large apparent profits, which it is evident, as they *must* keep large stocks on hand, will be neutralized by the decline in material, on the restoration of peace, and specie payment, which we trust are not far distant.

The chances, in fact, are that the losses by the fall will exceed the gains attributable to the rise, for as goods do not advance till the supply is deficient, nor decline till the supply is abundant, the probabilities are that the manufacturers will gain by the rise on a smaller quantity of goods than they have to suffer the loss upon, in the fall. This fact explains the injury to them from these constant fluctuations to which their business is exposed, and which have been much promoted and intensified by frequent disturbing legislation.

For the Committee of R. I. Woollen Manufacturers.

R. G. HAZARD.

WOOLLEN MANUFACTURES AS AFFECTED BY THE TARIFF.[1]

NEW YORK, *Jan'y* 19, 1866.

LEAVING out of the account the incidental expenses and dye-stuffs, oils, etc., the cost of which is now largely increased by duties and taxes, I will consider only the cost of wool and labor, that of the former being about threefold that of the latter.

Suppose, in the first place, that the duties are uniformly 25 per cent., and this being now the lowest duty on wool, the results will be less disadvantageous to the manufacturer than the average of the present tariff.

The freight and other charges on the import of the low wools coming in at 25 to 30 per cent. duty, and which constitute nearly the entire import (the duties on other descriptions being now almost prohibitory), are estimated at 25 per cent. If brought from England, France, or Belgium, these expenses are probably something less; and as the object now is to compare our manufacturing with that of other competing countries, I will assume that the item of freight and charges on the large imports from them is only twenty per cent. As this at the extreme would be only $2\frac{4}{10}$ cents per lb. it cannot be a high estimate.

The sum of the freight and expenses on the manufactured goods, as usually managed by branches or

[1] Prepared for the meeting of Woollen Manufacturers. Now first published.

agents of the European houses residing here, does not probably exceed eight per cent.

Take now an article made here, of which the wool and labor portions sell for $4, that is, wool $3, labor $1. As compared with the foreign manufacturer, the home manufacturer pays on the wool, say,

Foreign cost	$2.07
Duties and charges, 45 per cent. (paid by manufacturer)	.93
	$3.00
The imported article to compete at $4.00 will cost abroad	$3.01
Duties and charges, 25 + 8 = 33 per cent.	.99
	$4.00

The manufacturer pays on the wool in duties and charges ninety-three cents, and is protected to the amount of ninety-nine cents, leaving his protection only six cents on $3.01 value. But the manufacturer pays revenue tax on $4 = 24 cents, leaving him at a disadvantage of eighteen cents or six per cent. as compared with the foreign manufacturer.

Again suppose the duties on both wool and goods to be fifty per cent.

Wool will cost abroad	$1.76½
Duty and charges, 50 + 20 = 70 cents .	1.23½
	$3.00
The manufactured article to sell here at $4.00, will cost abroad	$2.53
Duty and charges, 50 + 8 = 58 per cent.	1.47
	$4.00

Making a difference in favor of the manufacturer of twenty-three and one half cents, while his revenue tax is twenty-four cents or no protection over the tax.

If the duty on the wool is twenty-five per cent. and that on the imported goods fifty per cent., the above figures show that the manufacturer pays in duties and charges on the wool ninety-three cents, while the goods made of it abroad will pay $1.47, leaving a protection of fifty-four cents. From which deduct revenue tax, which is paid on the selling price here, twenty-four cents, leaving, in this case, absolute protection of thirty cents on goods costing abroad $2.53, or less than twelve per cent. on the foreign cost.

These calculations are upon the class of wool duties most favorable to the manufacturers, and it is obvious that they cannot afford to have even these increased and that free trade would be better for them. Taking into account the fraud and evasions now induced by the high duties, it seems at least highly probable that they would do better if they could have both goods and wool free.

The wool-growers complain of these frauds and evasions. If so bulky and cheap an article as wool, at twelve cents cost, on which the charges almost equal the duties, holds out inducements to fraud and evasions injurious to the interests of the wool-growers, what is the condition of the manufacturers in relying upon fifty per cent. duties upon goods of which a man can carry under his arm the value of a bale of one thousand pounds of Mestizo wool? If this fraud and evasion exist, they are the real difficulties; and to remedy them the wool-growers propose to increase the duties: *i. e.*, in order to lessen crime they would increase the temptation. It is manifest that it is useless to

levy duties which will not be collected, and to prevent this the energies both of wool-growers and manufacturers should be directed. Another of their propositions is to make specific duties, naming the kinds of wool, as Mestizo, Cape, Australian, etc. But if the importers now misstate the actual cost, which, being absolutely a matter of fact, they cannot do without direct perjury, what repressing influence would there be in a mere name, which might be assumed or changed at pleasure. Under such a law we might soon have a good supply of "Aurora Borealis wool," at low cost *in the region of its production.* I confess I am somewhat sceptical as to the fraudulent importation of these low wools. I doubt if fraud exists to any great extent. I know many of the importers whose characters are above such suspicion.

Another point in which to compare the relative protection of wool-growers and manufacturers is the capital employed.

The manufacturers employ large sums of money capital, much larger than is required abroad for mills of same productive power. The wool-grower's investment is largely in land. Money capital is usually much dearer here, while the rent of land is greatly cheaper than it is in England and other European countries from which we still import wool. On our frontier the government lands now supply pasturage and hay to any extent at free cost, and it seems remarkable that, under such circumstances, or even with the abundance of land in the well-settled sections, we should still be importing wool from every section of the commercial world.

There are, however, many facts which go to show that, to those having the necessary capital, wool is now

the most profitable agricultural product. Would it not then be well to let well alone? The manufacturing of wool is now in a depressed condition, and wool is also depressed as a consequence. Depress the manufacturing still more by alteration, or even by agitation of the Tariff, and wool will also again be further depressed. The experiment of putting on high duties on wool, to protect the wool-grower and piling them still higher to protect the manufacturer, was tried in 1828, and resulted in the greatest disaster to both interests.

I have heretofore on various occasions expressed my conviction that the interests are so identified that one cannot be affected either injuriously or the reverse without similarly affecting the other; that the wool-grower is in fact a manufacturer, performing the first of a series of processes by which grass and grain are converted into clothing, and can no more be excluded from the fortunes of a class than the spinner can be separated from the weaver, or the weaver from the finisher of the goods. Constant agitation and fluctuation are the bane of the business, and my own opinion decidedly is that it is much better for us all to accept low and permanent duties than higher rates without stability.

It appears, then, that the manufacturers as compared with the wool-growers have not now that equal protection which it is agreed they should have. They cannot have this by any advance of duties, for they are already so high as to render their collection very uncertain, and hence the only way to equalize them is to reduce the duty on wool. The wool-growing can never do well when the manufacturing interest is depressed. I was so well satisfied of this that in my

argument before the Committee of Ways and Means, in 1864, I declined to argue the special interests of the manufacturers, and confined myself to showing that the extreme duties on wool then proposed would lessen the financial ability of the country and would not benefit the wool-growers. The theory then propounded I think still applicable and at the very foundation of the subject.

OUR RESOURCES.[1]

A SERIES OF ARTICLES ON THE FINANCIAL AND POLITICAL CONDITION OF THE UNITED STATES.

TAXATION FOR WAR PURPOSES.

IN this country we have had little experience in taxation. For two generations past the demands of the government have been scarcely felt or known by

[1] ADDRESS PREFIXED TO THE LONDON EDITION.

METROPOLITAN BOARD OF WORKS,
SPRING GARDENS, S. W., *Nov.* 1864.

In the din of arms, the still small voice of speculative science can with difficulty make itself heard across the sea, and the absence of authoritative expositions of the views of American financiers, other than State papers, makes the difference between the monetary maxims prevalent east and west of the Atlantic hard to be understood. The bankers of New York have done good service in this matter by reprinting a series of papers on some material points of fiscal controversy, which Messrs. Trübner and Co., of Paternoster Row, have thought it well to reissue with the addition of a subsequent paper by the same writer. During a recent visit to the States, I found they had been much discussed, especially that entitled "Contraction *versus* Expansion," and can vouch for their being an authentic statement of the opinions of many thinkers there; and, as such, deserving of the attentive consideration of like men here. They have been attributed, no doubt correctly, to Rowland G. Hazard, who, by his interesting moral and philosophical essays, and by his recent able refutation of Jonathan Edwards, in his book on the Freedom of the Will, has acquired a reputation for acute analysis and profound thought which will not suffer by the republication of his financial papers.

E. CRESY.

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those who paid them. They must now be largely increased, and it behooves us to look to the means of meeting them. The expenses of war are large because, and only because, it requires a large amount of labor in various forms — much is used and much is wasted. Its cost is represented by the labor it requires; and the question of our ability to sustain it by taxation is a question as to our ability to spare the requisite amount of labor from other necessary occupations and expenses of life. There are three principal sources for the supply of this spare labor: First, the increase of products by increased labor, or improvements in its application; second, retrenchment, by which a portion of labor, heretofore used for the current expenses of living, may be applied to the support of the war; third, the accumulation beyond the current expenses of living, which usually goes to increase the permanent property of the country, in the form of buildings, railroads, etc., or is loaned abroad.

In regard to the first, though as a people we are energetic, we have not been so severely tasked that we may not add somewhat to our products by increased effort. As regards the last, the nation consumes a very large proportion of its annual products, leaving comparatively little for permanent accumulation; still a considerable sum may be obtained from these sources.[1] Retrenchment in current expenses of living must, however, be our principal resource for meeting the increased demand incidental to a state of war; and this, we think, may be relied upon to an extent greatly beyond what is generally supposed. Common laborers, with families to support, are the least able to retrench,

[1] In a subsequent article it appears that this last is more than I supposed.

and it is observed that a reduction in wages from the ordinary rate of $1 to 80 cents per day, produces no great hardship and scarcely serious inconvenience to them. As in the larger families there is generally more than one productive laborer, it is perhaps fair to assume that, in such families, there are four persons dependent on the labor thus reduced in price, which gives an average reduction of $15 per annum for each member of the family. If the class least able can do this, we may, in view of the fact that many can reduce their individual expenses hundreds and even thousands, fairly assume the average ability to reduce without hardship at not less than $25 for every man, woman, and child, and this in the loyal States would give an aggregate of $500,000,000. This results from the great room which there is for retrenchment in the expenses of living among all classes in this country. From this ability to retrench, to argue an ability to pay an equal amount of additional taxes, would assume that the productive industry of the country is not diminished. The army takes laborers from their usual occupations, but there can be no doubt that those left are capable of making up this loss by increased efforts. It has been doubted whether in time of war sufficient employment can be found for labor. But the only proper reason why the war is expensive is, that so much labor is needed to sustain it, and if it does not require as much as the people can do, they certainly can do all that it does require. In such case, the requirements of the war being all supplied or paid for by the home labor, the national wealth is not diminished; up to this point, the war expenses can only prevent further accumulation. It is only when its demands exceed the ability of the citizens to produce, or, when what they

might produce or pay for by their labor is obtained and otherwise paid for abroad, that war impoverishes. Our main dependence for defraying our present large expenses is in that increased economy and industry to which the people will cheerfully submit if they are satisfied that the avails of their efforts and privations will be judiciously and honestly applied. Industry and economy are now the duty of all, and especially of the rich, that the burdens of the poor may not be unduly increased. For obvious reasons, the practice of these virtues will become easy as it becomes general. Custom, fashion, and public sentiment are all potent. These views indicate that the amount which could be spared from the earnings of our labor, if well employed, would pay the expenses of the war as they accrue. War, however, requires changes in the pursuits of industry, and in this there is some loss. An accurate adjustment of taxation to ability is also impracticable, and hence a portion of the war expenses must be met by credit in some form.

February 11, 1862.

TAXATION AND PAPER ISSUE.

As a general rule, the money in circulation is just adequate to the exchanges for which it is used. If its *quantity* is increased with no additional use (no additional exchanges), the values of the exchangeable commodities rise until the amount added is absorbed.

The *absolute aggregate value* of money cannot, then, be increased merely by adding to its *quantity*.

If in any section of the commercial world the quantity of money is increased beyond the relative wants

of that section, the consequent increased prices will draw commodities from other sections till the money is equalized. Suppose the war costs $600,000,000 per annum, *i. e.*, as before shown, it will require that value of labor, either directly applied to produce the articles needed, or indirectly to what may be exchanged for them; if the people can spare this from their own support, they can defray the expenses of the war from their own resources.

If the exchanges are larger than usual, corresponding additional currency may be issued by the government without inflating prices, and something of the kind would become necessary to preserve the equilibrium, and prevent the labor needed for the war from going to buy currency from abroad. Suppose, again, that at the commencement of the war there is in the country, from past accumulation, $50,000,000 of coin, owned or obtainable by the government, and in addition to this $100,000,000 of surplus movable products, which can be sold abroad and the proceeds loaned to it; and further, that from the increased amount of exchanges, or from retarded circulation, another $50,000,000 of circulation is required, which the government supplies by its paper. This aggregate of $200,000,000 will last the government four months, during which, on our hypothesis, the people will have earned and received from the government the same amount for their spare labor, and thus having all the money to give back in taxes or new loans, can keep the government continually supplied with all its war requirements, though there is never more than $200,000,000 of circulation.

But suppose the spare earnings of the labor of the country are inadequate to the war expenses, and can

supply only $400,000,000 of the $600,000,000 annually required, and this after all the retrenchment in the expenses of living which, under the circumstances, will be made. Two hundred millions' value of labor must then be procured from other sources, and even if we suppose that the government can for its home use substitute $50,000,000 of paper for that amount of circulating coin, paying it for labor abroad, a balance of $150,000,000 is still required for the first year. For this, if the government were already furnishing all the circulation, and no additional retrenchment or increase of the products of home labor were possible, it would be of no avail to issue its paper for home circulation; for, increase this ever so much, it will only serve to exchange the $400,000,000 value of spare products of home labor, and any additional amount put in circulation, being absorbed by consequently enhanced prices, will be a total loss to the government, as often as the whole amount is issued.

The country, on our hypothesis, has already used all that is movable of its past accumulation, and is absorbing all that its present labor can supply, and yet is $150,000,000 deficient. This, in such a case, can only be supplied by the spare or accumulated labor of other countries; it may be obtained on credit, by the issue of government obligations to pay at some future time — thus, for the expenses of the war, mortgaging to foreign capital the fixed and immovable accumulations of the past, and all that can be spared from the future labor of its citizens. This can generally be done on some terms: when it cannot, and the expenses exceed the producing ability at home, national bankruptcy is inevitable.

We have, however, supposed an extreme case, never

perhaps practically reached, but still, as the facts approach to this hypothesis, the consequences will in like degree follow. If, for instance, the circulation is *nearly all* supplied by the government paper, then will an increase of this paper enhance prices nearly in the same proportion, causing a loss to the government of *nearly all* the amount thus added. But if the government issue merely displaces a like amount of other paper circulation, no advance of prices will follow, and the government will then get all the profit of the circulation which before accrued to the parties furnishing it, and its present means will be increased by the full amount of its increased issue. Or if, when the government issue $200,000,000, the whole circulation (including all the representative means of exchange) is equivalent to five times the amount, then *adding* $100,000,000 to the government issue, even without any retiring or other circulation, will add only *ten per cent.* to the price of labor and of its products, and, of course, with its $300,000,000 of paper the government will now be enabled to buy over $270,000,000 of value of labor (rated at old prices), instead of only $200,000,000, as before its last issue. The enhanced prices would compel many of those living on the interest of money, or other fixed income, to increase their means by labor, or to make further retrenchment. Still higher prices may be necessary to stimulate production and compel retrenchment to the extent required by the additional demands of the government for the products of labor, and thus far the foregoing calculations will be subject to modification, and especially as those wholly depending on any labor varying in value with that of the currency, will not be materially affected by the rise in prices. The annihilation of a large amount

of bill circulation in the Western States, and the more general adoption of cash transactions in trade, are among the circumstances favoring government issue at this time, and such issue may incidentally aid in preventing a return to the extensive credits heretofore given with most disastrous results.

We have not considered the effect of impaired credit, but independent of this have endeavored to indicate the utility and the limit to the utility of government issues of circulation, and also the danger of relying too much upon them. In our case, however, the danger is still sufficiently remote to be guarded against, and with the large amount of exchangeable products which we already have, the ability which our active and intelligent population, aided by an unlimited extent of good soil and mechanical appliances, have to produce, the great room with us for retrenchments in personal expenditures, and the willingness and the zeal of the people to contribute the means for the vigorous prosecution of the war, it would seem that it could hardly become necessary to seek aid from foreign capital, much less that, with such elements, we should not be able to obtain any required amount on favorable terms. Our danger lies in using up our accumulation before we stimulate industry and economy by taxation. The people are ready for it, and the sooner our legislators resort to it, the lighter will be the burden.

February 21, 1862.

COMPENSATION TO SLAVEHOLDERS.[1]

AMONG the many noteworthy acts of the present Congress, those prohibiting the extension of slavery into the Territories, actually diminishing its domain by abolition in the District of Columbia, and proffering pecuniary aid for emancipation in the slave States, must be regarded as supremely important. The demand for other acts may have been more immediate and pressing, but these will have the most marked and lasting influence upon our future national character and prosperity. It is to be hoped that the benign tendency of the act last mentioned will not be frustrated by any blind or wilful neglect or refusal of the slave States to avail themselves of so liberal an offer. That this would be unwise in them must become evident to all who will give the subject a moment's candid consideration. Leaving the morality out of view, let us look at the question solely as one of material prosperity, or of pecuniary interest. At the very threshold we are met with the difficulty of finding any reason why slaves are worth more to the State than free laborers. It cannot be alleged that slave laborers produce more than free, for the reverse is well known to be the fact. If it be said that producing less, they also consume less, and hence may still contribute more to the accumulation of the State, the hypothesis is directly met by the statistical fact that accumulation in the free, greatly outstrips that in the slave States. It may be argued that slaves support their masters as

[1] This was written before the President's proclamation on the subject appeared, and was published about the same time as that document.

well as themselves; but then the labor must have intelligent direction, otherwise it becomes unprofitable, ruining the masters, and causing a loss of product to the State. The same division of labor takes place, to a great extent, in free States, those competent to the task becoming the directors of the labor of those who are less able or less willing to endure the severe thought and anxieties of this position. In the slave system, the force of law, with the influence of caste, and in the free, the power of capital, may keep an incompetent man in the position of a director of labor, in both cases causing both individual and public loss; in the former, however, the obstructions to the proper change is greater than in the latter. Besides, in the slave States, the laborers are purposely disqualified for directors of labor by being kept ignorant, and in them this most fruitful source of heads to plan is mainly cut off. Still, it is true that, even under all these disadvantages, the natural law often manifests its existence, and asserts its power, in making the unlettered slave the actual director in place of his incompetent or indolent master, who then becomes an unproductive consumer, diminishing the wealth of the State by the whole cost of his support. Under either system the mere laborers — they who cannot or will not be troubled with the thinking, on an average, but little more than support themselves from infancy to age. It may be said that the cost of rearing slave laborers is less than that of freemen; but they are also of less value when reared.

Now, when so large a portion of mere automaton labor can be performed by steam, working at the rate of less than two cents per day for a man-power, and in many cases with more precision than can be attained by the action of the will on nerves and muscles, intelli-

gence has become more than ever the most valuable element of labor; and it cannot be profitable to the State to rear ignorant rather than intelligent laborers at any presumable difference in the cost. There is no free country where the laborer is obstructed in obtaining intelligence, but, on the contrary, and especially in our Northern States, is aided, with manifest public as well as individual advantages. Even in the Southern States the price of a slave is much enhanced by education, provided it is associated with those docile qualities which render his increased power harmless in acquiring his own rights, or inciting his fellows to assert theirs. But for the policy which, to avert such danger, forbids instruction, the slave-breeders would no doubt ere this have found it to their profit to supply the market with slaves instructed in the rudiments of knowledge. But, from the necessities of the case, slaves must be ignorant, and hence, as laborers, comparatively unprofitable. This is practically exhibited in the results of the two systems. The free States have enriched their sterile lands at great cost, sustained schools and churches, provided themselves with good buildings, roads, machinery, etc., and accumulated a large money capital, buying the products of the slave States for cash, and selling to them on long credit; while the slave system has been sustained only by drawing largely on the capital existing in new lands, and when this resource has become exhausted, removing the slaves, again to go through the same process on other soil. This may, in part, be attributed to the indolence of the white population in the slave States, but this is itself one of the lamentable consequences of the system.

These views indicate that it would be for the interest

of the States to abolish slavery, even without pecuniary compensation from the general government. But the present marketable value of the slaves seems to contradict this position. That this value would not be lost, but would be transferred to the land, may thus be shown. In the first place, it is a moot point whether free or slave labor is the cheaper, and though the facts and arguments already adduced (to which others might be added) go to show that in this respect the free must have the advantage, we will assume them to be equal. Now, suppose a man has $5,000 to invest in farming. With this sum he can buy a hundred acres of good land in Ohio. Opposite to it, on the Kentucky bank of the river, lies another tract of a hundred acres, of equal quality; but, if he buys this, he can only afford to give for it $2,500, for the rest of the $5,000 will be required to purchase laborers for its cultivation, and as the two tracts give equal products, with equal costs, the profits on the investments will be equal. Hence assuming the equal economy of the two kinds of labor, it follows, as a logical consequence, that with the condition of slavery, the land and slaves together are worth precisely what the land alone would be with free labor. And if free labor is really the cheaper, then the extinction of slavery would enhance the value of the lands even more than the price of all the slaves required to cultivate them. This reconciles the apparent conflict of slaves having a large marketable value, and yet being worth no more to the State or aggregated community than if they were free. To the State, then, there would be no real loss of wealth by emancipation. It may be apprehended that the benefits of such a change will be remote, while the loss of the value of the slaves

will be immediate, thus involving a present sacrifice for future advantage. There is, however, no reason to suppose that the products of the State will be diminished by the change, and hence in the aggregate there will be no loss to the State. It would probably be some time before their progress would be as rapid as it is in the free States. The generation, with the ideas and habits which coexist with slavery, must pass away, and a more intelligent and efficient race of laborers, and directors of labor, take their place, before the full benefits of freedom, even in a pecuniary view, will be realized. The transfer of the price of slaves to the value of the land will at once commence; but as this, in many cases, will not inure to the slaveholder, compensation in such cases is required to prevent individual loss, though without it the State in the aggregate would still lose nothing, and will gain whatever is thus paid from without the State to its citizens.

The offer of compensation by the government is, then, very liberal, and indeed may be regarded as a fraternal effort to induce our Southern brethren to do that which would most redound to their own honor and advantage; while it would also elevate our national character and reputation, in which we all feel a common pride; and conduce to our national prosperity, in which we all have a common interest.

May 17, 1862.

OUR FINANCIAL POLICY.

THE policy of the Secretary of the Treasury has been much criticised by theoretical financiers. Political economy, however, does not yet furnish reliable rules for all contingencies. The best bankers have sometimes violated one of its most authoritative dicta,

by buying gold where it was dearer than in the market to which they transferred it, and with good results. The plans of the Secretary, however, are fast vindicating themselves even with those who look only to the first cost of the money obtained, but viewed in their practical influence upon our industrial interests, their beneficial operation becomes more apparent. The ability of the country to pay the expenses of the war, of course, depends mainly on the ability of its labor to produce. To employ labor most beneficially requires capital in the form of money or credit. The rebellion caused a large loss of active capital, and greatly impaired individual credit in the loyal section; the bank circulation of many of our Western States was almost annihilated, and the business of all was prostrated by the shock. Throughout the manufacturing districts thoughtful men were looking to the ensuing winter with painful apprehensions, and even the husbandmen had little encouragement to sow what, when garnered, would find no purchasers able to pay. There was not, in the control of business men, sufficient money or credit to employ labor. If in this peculiar state of affairs the government had concluded to absorb all the capital for war purposes, business must have remained paralyzed, and there would have been no ability to pay taxes or make loans, except from prior accumulation, which would soon have been exhausted. This actual loss of capital, destruction of private credit, diminution of bank-notes, the vast requirements of the war, and the subsequent withdrawal of coin, produced the necessity for a very large amount of circulating money to supply the wants of trade, and prevent ruinous depreciation of values. The profit of supplying this currency properly be-

longed to the government, to the whole people; and Mr. Chase, yielding his long-cherished and favorite hard-money theories, conformed to the circumstances of the times, with the credit of the government furnished the sinews of labor, and thus secured the sinews of war.

The industry of the country immediately felt the effect. Some changes of occupation, involving some loss, were required by the new conditions, but every man who would work found something to do, and thus employed, it is not extravagant to say that the loyal States can now, without unreasonable privation, pay all the expenses of the war as they accrue, and will come out of it really as rich as they went into it; whereas, if the essential aid to business had been withheld, and the government had diverted capital from its ordinary channels to its own use, we should have been rapidly impoverished, while public support by poor-rates would have inflicted on us the greater and more incurable evil of national demoralization. In comparison with such possible and probable results, the loss or gain of a few millions by this or that mode of raising money is wholly insignificant. It is evident that the government could not long get money at home if the people had no ability to earn, and that in the absence of ability there would be no basis for a credit abroad.

The emergency had to be met, and promptly met, at the outset, and it has been well and successfully done by means especially adapted to that emergency. The benefit which has incidentally resulted from the government circulation in the increase of cash transactions is important, and with the promotion of a uniform national currency which is thus inaugurated, will be of lasting utility.

The little effect produced on the price of gold for a long time after the introduction of the national currency, proves that up to that time the issue was not in excess of what was required to sustain, without enhancing, the prices, and it yet remains to be seen how far the subsequent rise is attributable to the artifices of speculators. It was, however, safe to err in furnishing too much rather than incur the risk of embarrassing labor by issuing too little. Creditors might suffer by the consequent depreciation, but even they would probably suffer less than by a stringency which would have disabled their debtors and caused a loss of product, in the evils of which all would participate.

The above assertion, that we can pay the expenses of the war as they accrue, may, to some, appear unfounded; but our most intelligent bankers with European connections, say that our foreign debt, national, state, corporate, and individual, has been very largely reduced since the outbreak of the rebellion; our gold has increased, the granaries of the West are overflowing, and the property in other forms cannot have materially diminished in the loyal States. From these facts it follows as a necessary consequence, that thus far the aggregated people of these States have not only actually paid their current expenses and the extraordinary cost of the war, but have, at the same time, accumulated national wealth.

March 28, 1863.

OUR RESOURCES IN MEN AND MONEY.

WE have been disappointed in the duration and magnitude of the war, but the public mind is still unfaltering, and has become even more firm and inflexible in its devotion, and more determined to sus-

tain the high principles for which we are contending. And looking at our resources for prosecuting the work, there seems to be no occasion for despondency or doubt.

In the earlier period of the conflict, the writer of this was most apprehensive in regard to our finances. In addition to the large amount of property stolen by Floyd and his coadjutors, we had been commercially robbed of $200,000,000 or $300,000,000 due to us from the rebel States; our industry was paralyzed, and instead of a resource in foreign credit, our indebtedness was being rapidly returned upon us for payment. Under these circumstances, though not doubting that the head of the Treasury would do all that ability, devotion, energy, and the influence of high personal character could accomplish, I feared that to raise the appalling amounts required of him would be attended with immense difficulties, and perhaps be found absolutely impossible.

We were evidently reduced to the necessity of relying upon our own resources, and it became important to ascertain how far these would avail. By our industry and economy we were to defray the expenses of the war, if defrayed at all; and in an article published in the "New York Times" of February 11, 1862, I attempted to show, upon data then given, that, in consequence of the expenditures of all classes in this country being usually much in excess of necessity, we could, in the loyal States, from the one item of retrenchment of living, and such a retrenchment as would involve no hardship, pay a tax of $500,000,000 per annum. We have this advantage over many other countries, in which the standard of the living of the masses is little, if any, above the absolute necessities

of life. The revenue available from this source, however, as well as any to be directly derived from industry, would depend very much upon the labor of the country being fully and profitably employed. In the article which you republished on the 29th of April, it was shown that the capital required for this purpose was furnished by means of the policy adopted by the Treasury Department; so that labor, which had languished, was stimulated to supply the great demand for its products created by the requirements of the war, and thus stimulated, in the first two years had actually produced enough, over current expenses, to make up the loss of the $200,000,000 or $300,000,000 of Southern debts; to pay for the material required to equip gigantic armies and to create new navies, with all the other vast expenditures of the war, increased by that injudicious outlay which ever attends inexperience and haste (in this case a necessary haste) in any business, public or private; and during that same period has added materially to our national wealth.

And yet such has been our physical prosperity, that, after the first panic, any extra economy in living has hardly been thought of among us, leaving the large resource of $500,000,000 per annum almost, if not wholly, unimpaired and available, if the necessities of the country should require it. There is, then, no danger that we shall be exhausted financially, no danger of inability on the part of the government to command and to pay for all that can be needed.

The policy which has been attended by these most gratifying and unexpected results has, in some quarters, been strongly denounced as contrary to all rule; but surely a policy which, in the midst of the calamities of a stupendous civil war, has been attended with such

material prosperity that, but for sympathy with the suffering and mourning for the loss of our brave fellow-citizens in the field, those not actually engaged in the strife would hardly have occasion to regret it, will be generally approved.

Though the facts in our case are somewhat varied, requiring peculiar adaptation of means to the end, the results are not without historic parallel. In the Napoleonic war, England financially sustained the powers arrayed against France, and the small amount of her foreign indebtedness, with the great increase of property at home at the close of that war, shows that her labor during its existence greatly more than paid all the expenses of that tremendous struggle. She had then an advantage in the prior application of machinery in aid of manual labor; but this perhaps was not greater than our advantage in a boundless extent of virgin soil. She expended much money at the seat of war, which was abroad, involving a loss of a portion of the profit of its subsequent application; but this apparent disadvantage was vastly more than counterbalanced by the fact that her labor at home was undisturbed. We have here this advantage without the disadvantage which in her case attended it. The views I have stated serve to illustrate those facts of English history, while, at the same time, they derive some confirmation from them. They all tend to show the difficulty, if not impossibility, of financially exhausting a people when the great body of its labor is undisturbed.

It may be said that still the government debt to the people is rapidly accumulating, and becoming appalling in its magnitude; but if the people, notwithstanding the heavy loss by Southern debts and the prostration

of labor by the first shock of war, have more than paid all expenses, and still have in reserve a resource of $500,000,000 per annum, available whenever needed, no anxiety can reasonably be entertained on this account.

Besides, the payment of this debt may be delayed for any length of time desired, and in thirty years the general increase of gold in the world and the increase in our own population will probably reduce the relative indebtedness by two thirds the amount. This prospective advantage, with the further considerations that our great mineral wealth is only beginning to be developed; that the Southern States, when free from slavery, will, with their advantages of soil and climate, be able to contribute their share to the national prosperity, Virginia, for instance, becoming equal in ability to Pennsylvania, if not to New York, and the means of others proportionally increased, seem to leave no reason to apprehend that even the largest amount of debt now in prospect will seriously task our ability to pay it.

Some may apprehend that the loss of property in slaves may at least for a time seriously impair the ability of the Southern States; but even such will admit that the transfer of a slave from one owner to another, by gift or otherwise, does not lessen the ability of the community; and there seems to be no good reason why the transfer of the slave, the man, to himself, should tend to this result more than if transferred to another less legitimate owner. In a merely economic view, to be freed from slavery will be worth to the country the whole cost of the rebellion, which, in the order of Providence, seems to be the mode of its extermination; and from all present appearances we

shall not only come out of this struggle richer than we went into it, but with greatly increased means for future accumulation. So much for the financial and economic views of the subject.

The other important consideration touching our resources for the war is, that of men to fill the ranks of our armies and to man our navy.

The habits of our native citizens, accustomed to peaceful pursuits and the prosperity which now attends them in these, are unfavorable to voluntary enlistment for money considerations; but still, with inconsiderable exceptions, each is willing to take his chance with his fellow-citizens, and if the lot devolves on him, to cheerfully perform the duties which the exigencies of the country demand. The almost unanimous voice of the people is, Use our money, and call upon enough of us for personal service to put down this accursed rebellion. Our large population of alien and adopted citizens, more accustomed to war than ourselves, have contributed liberally in men, and the tide of immigration, which at first recoiled from the prospect of calamities incident to a sanguinary civil war, now that it is seen that even this does not destroy our prosperity, is returning upon our shores with increased force and volume.

An adequate resource for filling our ranks with volunteers from the Union men of the South is now, however, open to us. The success of our army in the Southwest has brought us within reach of the largest body of Union men in the rebel district, a district to which it has long been the custom of slaveholders to send all the most daring spirits among their negroes, those most difficult to keep in servile subjection, and best fitted to do battle for their own and for others'

rights. The prejudice against their being employed as soldiers has now passed away. They will bring to the service the physical endurance so important in a southern climate, devotion to the cause, love of approbation, and habits of subordination and concert of action; and will acquire in it feelings of self-respect and self-reliance, which will fit them to enjoy and to maintain the rights of freemen. Those who questioned their fitness for soldiers seem to have forgotten that there ever was a Toussaint L'Ouverture; that in our struggle for independence the first attack upon British soldiers was made by a small band, led on and animated by the slave Crispus Attucks, who was the first victim of that conflict; that for our success at the battle of Bunker Hill we are at least largely indebted to the superior self-possession and devotion of Peter Salem, another slave;[1] that throughout that war the colored soldiers were very much commended for their devotion and bravery by Washington and other distinguished commanders; and that in our present contest, with little opportunity, there have already been among them illustrious instances of heroic daring and noble self-sacrifice. And this from a gentle people, long held in the most abject degradation by a fiercer race; a people whom it was made a crime to teach, and to whom, for generations, there had been no historic inspiration in the past, no incentive hope in the future.[2]

The historical student will soon be unable to com-

[1] See *Opinions of the Founders of the Republic on Negroes as Slaves, as Citizens, and as Soldiers.* By George Livermore.

[2] While this edition is going through the press, a lady has called my attention to the touching reply of the slave whom Mrs. Fanny Kemble encouraged to learn to read by holding out to him the future benefits he would derive from it: "Missis, —— we have no prospect."

(This note refers to the first edition. Ed.)

prehend the prejudices or the policy which has excluded these Union men from participation in our struggle; and will read with amazement that when these downtrodden people, with a natural confidence in those with whom they were ready to make common cause for a common country and for human rights, fled from their oppressors, and tendered their aid to put down a rebellion which claimed no other apology than the apprehension that the free States would refuse to extend to new territory the cruelty and the blight of slavery, they were not only spurned, but actually sent back to their masters, to be scourged and tortured for having made the offer. They can hardly fail to regard this as the most egregious folly, the most stupendous blunder, the meanest cruelty, and the basest crime that ever disgraced a nation making any claim to intelligence, humanity, and justice.

Nor will it tend to lessen either their astonishment or their indignation to be told, that in the first instance this policy was adopted to appease the wrath and mitigate the resentment of the slaveholders, then actively in arms against the government upon this issue, and that it was continued in deference to the interests of some of the loyal States and to the wishes of influential parties scattered over them all, whom it was deemed expedient to conciliate. All experience teaches that such national sins must be expiated by national suffering. We needed to learn that the wisest policy must be in unison with justice and humanity; and we have now learned that by our wicked policy the power of the laboring population of the South has gone to support the rebellion instead of conducing to its overthrow, as, had we permitted, it would have done. That the South has not been ex-

hausted, both in men for her army and means for its support, must, on the principles before stated, be largely attributed to the fact that we for a long period refrained from interrupting her labor, and our action then so separated us from the slaves and so chained them to the service of their masters, that the difficulty of dissolving the connection has since been almost immeasurably increased and the contest proportionately prolonged.

OUR FINANCIAL PROSPECTS.

MR. THURLOW WEED, in his recent letter to Senator Morgan, estimates the probable indebtedness of the United States at the close of our civil war at $3,000,000,000, the annual interest of which, at six per cent., is $180,000,000. It must, however, be borne in mind, that under the able management of our Treasury Department, the average rate of interest on our public debt is as yet only four and one-half per cent. per annum, and with the increasing confidence manifested at home and abroad, will not probably, even with considerable additions to the principal, exceed five per cent.

There can be no doubt of the ability of the loyal States alone easily to pay the $180,000,000 interest per annum, and at the same time, with peace, to rapidly reduce the principal. In previous articles published in the early portion of 1862, it has been shown that these States could without hardship retrench, in the one item of expenses of living, $500,000,000 per annum, and this resource is as yet untouched. Increased extravagance indeed seems to prevail, showing that increased taxation is not only practicable, but is even demanded to check this loose

prodigality, to preserve the stability, and give moral tone to the national character.

By another article, published in April, 1863, it appears that up to that period the labor of the loyal States, at a time when millions of men, and vast quantities of machinery to facilitate production, were employed solely for war purposes, had still been sufficient to defray all the current expenses of living, and the extraordinary expenses of the war.

With such powers of production on the one hand, and of retrenchment on the other, there can be no necessity for accumulating a debt of the amount anticipated by Mr. Weed. However just it might be to leave a large portion of the present cost of sustaining our government upon our posterity and the future immigrants who will reap the benefit of it, we have shown no disposition to throw the burden upon them. Compared with the great objects, the great principles involved in the contest, we have counted treasure as dross. Never was a nation more willing to be taxed. We have constantly exhibited the phenomenon of a people demanding heavier taxation than the government has thought proper to impose. Present payment of a large proportion of the expenses would very much reduce the actual cost of the war, and this sober, persistent judgment of the people should be acted upon, and taxation on a larger scale immediately resorted to. The temper of our people is not favorable to that direct taxation which empowers the government to seize upon our earnings by force. It should, therefore, be indirect. It matters not that it may be said that it practically makes no difference to the amount paid. There is *practically* a wide difference, which every man, and especially every Anglo-Saxon *feels*,

between paying voluntarily and paying by compulsion. However pressing the inducements to the voluntary action may be made, however really imperative, up to a certain point, the voluntary element seems to prevail, and saves that pride and self-esteem which, in proper place, is an important element in individual and national character. When taxation is indirect, a man has the choice between paying and foregoing the use of that which is taxed; and, in the latter case, his privation adds to the savings — to the wealth — of the nation. Economy is now a patriotic duty as well as a private virtue. The less we use of foreign products, the less we have to buy; and the less we consume of our own products, the more we have to sell. This simple consideration indicates how important it is to our financial ability to check the prevailing extravagance, and taxation is the readiest, and, under the circumstances, the most expedient way to do it.

Of the various modes of distributing this taxation none seems to combine more advantages, including economy and certainty in collecting, than a tax on the sales of merchandise and of property generally, excluding, for reasons hereafter stated, our own agricultural products in crude state, or in any form used as food. A very small percentage of the sales of merchandise by all dealers selling to the amount of $1,000 per annum, with a diminished rate on the transfer of stocks and real estate, would yield a very large revenue. The income tax, and especially on large amounts, might be much increased without being seriously felt by the payers.

Our agricultural products should be exempt, because they constitute our principal exports, the price of which is determined by competition in the foreign

market with other producing sections of the world; and any tax, on most of them, could not be collected from the consumer. This would discourage production at home. This consideration is made weightier by the fact, that a large portion of these products are now raised at great distances from the place of exportation, the economy of distribution often requiring that they should pass through the hands of several successive purchasers in the transit from the farm to the ship, and they now sometimes little more than pay the cost of that transit. If we had a monopoly of the supply of any of these products, as we have had of cotton, they might be taxed with singular advantage.

Another, and I think a more cogent reason for this exemption is, that a tax on food of the kinds we mainly produce is more nearly compulsory than any other indirect tax; and furthermore, comes most nearly to *taking from the poor the same amount as from the rich*, which is both unjust and impolitic. Such discrimination in favor of agricultural products would encourage the settlement of our new lands; and, for this end, might be wisely substituted for the homestead bill, which Mr. Weed, for reasons which he has ably stated in the letter already referred to, proposes now to repeal. There is much reason to apprehend that the actual effect of that law will be to give the lands to a class of settlers who will be unable to use them with benefit, either to themselves or to their country. Those who have no ability to acquire, seldom *use* property with profit to themselves or the public.

Let us see now how our resources for payment compare with this large accruing indebtedness. By the returns of the Assessors of Taxes, it appears that the

value of property as appraised for this purpose was in

1850	$7,135,780,238
In 1860	16,156,616,068
	$9,023,835,830

Showing an increase in ten years of over 126 per cent.

In many of the States it is customary to assess property at much less than the real value; and large amounts held by religious, educational, and other associations are wholly exempted, as is also public property. Much personal property, too, and especially much of the increase of personal property, escapes observation. It is supposed that these several items may embrace one third of the whole; but if we assume them at one fifth, it would make the whole property of the country in 1860 over $20,000,000,000, of which a debt of $3,000,000,000 would be fifteen per cent. It is proper to observe, that of this $20,000,000,000, $2,000,000,000 was the appraised value of slaves; and it might, with much show of reason, be urged that this amount should be deducted from the estimate of actual value. It seems pretty certain, that a man is worth no more to the State when owned by another than when owned by himself, but in the article on "Compensation to Slaveholders," I think that it was demonstrated, that, on freeing the slaves, their whole nominal value would speedily pass into the market value of the lands; and as this change seems now at hand, we may properly retain this value in the estimate, especially as the same item (rather less) was included in the estimate of 1850, and we shall mainly want the figures to show the *increase* of property. Leaving this item out of both estimates, the increase

would be over 130 per cent. So large a ratio of accumulation may well raise a doubt as to its continuing in the future. Among the elements of this increment of wealth we have the accession to our population, and the increase of value by the increasing quantity of the precious metals.

From 1790 to 1860 our population increased with remarkable regularity, an average of 34.6 per cent. for each ten years. "During the decade ending in 1860 we built, within the limits of the interior central group known as the *food exporting States*, at a cost of over $400,000,000, 11,212 miles of railway to connect them with the seaboard," [1] thus, happily, in time of peace, providing an artificial substitute for the natural outlet by the Mississippi, temporarily closed by the war. These vast works running to the Missouri River, with the Pacific railroad now constructing beyond, have opened, and are still opening, the way for the increase of our agricultural and mining population in an undiminished ratio. Besides this opening at the West, the abolition of slavery in several of the seaboard and central States will open the way for a large addition to their present sparse population, and immigration will be attracted to them by fertile soil, mineral wealth, genial climate, and cheap and ready communication with the markets of the world. We have no reason, then, to expect any decrease of the ratio of population.

If this increase were crowded upon the same area, its ability to accumulate might not be enhanced; but

[1] For the statistical facts used in this article I am mainly indebted to the very interesting and well-condensed report, made in September, 1863, by Mr. Samuel B. Ruggles, to the International Statistical Congress at Berlin, in which it was our good fortune to be represented by him.

it is continually settling, and thereby giving value to new territory, and at the same time adding to the value of the previous frontier, thus made central to population, and also to towns and cities, which are their marts, and which react and give value to the rural sections. To this increase of population there is then due an increase of national wealth, of much more than 34.6 per cent. in ten years.

It is difficult to obtain data for any reliable estimate of the effect of the influx of the precious metals on value; but it is probably not less than 15 or 20 per cent. in ten years.

The additions to property, from the spreading of increased population over new domain, are a portion of the peculiar results of our having a large territory not yet populated; while the increase of values, from the great supply of the precious metals, is an incident of our times. If, to the augmentation from these causes, we add the increment due to the thrift and well-directed labor of an intelligent and energetic people, we may perhaps find confirmation of the statistical ratio. That we may be sure, however, not to overestimate our resources, we will assume it to be only one half of this, or 65 per cent. instead of 130 in ten years. This would make the property of the nation in 1870, $33,000,000,000, upon which a debt of $3,000,000,000 is little more than nine per cent.

But it is often better to pay a debt with spare income than to disturb profitable investments. Let us then look at our ability in that way. The above estimate of sixty-five per cent. for the current ten years would give for the increase of property in the first year of it over $1,000,000,000, and for the last $1,600,000,000, and these in a gold valuation, so that,

but for the diminished product by the abstraction of labor from its ordinary pursuits for war-purposes, our surplus earnings for the first three years of the decade would pay the whole of the contemplated debt of $3,000,000,000, and the income of the three next succeeding years would, with peace and union, more than pay it.[1] When we take into the account that the accumulation has been mainly in the free and in those border States which are still loyal, we shall find in these facts and estimates confirmation of the results I before reached by other modes, that the earnings of the labor of the loyal States are actually sufficient to pay the whole expenses of the war as fast as they accrue, and at the same time add something to the national wealth. Also, that an estimate, or rather guess I before ventured, that an indebtedness, payment of which we should delay, would in thirty years, as compared with our ability to pay, be relatively diminished by two thirds of the amount, was short of the mark, and that it will be nearer a reduction of four fifths than of two thirds, and our surplus labor for nine months would then suffice to pay the whole debt. Without, however, looking far beyond the present, we may say that, if we can, with our surplus income — income over and above the usual expenses of the government and of living — in three years, pay not only all our actual indebtedness, but all that will probably accrue during the war, our financial condition is not very discouraging. It may be urged, that these results are against all the experience of older countries, and hence not to be relied upon. We have, however,

[1] Official returns show, that, notwithstanding the diverting of labor to the army, the actual increase in the *quantity* of our products from 1860 to 1863 was much greater than is here assumed.

heretofore shown that in the matter of paying our national debts we are peculiar. On one occasion, after paying all our obligations, we had to divide a large sum among the States. This had been paid into the Treasury while the people were hardly conscious of any taxation. One peculiarity of our position is, that with a diffused intelligence which gives efficiency to labor, and that protection of law which in civilized communities admits of investments in labor-saving machinery, we have the abundance of land which is usually found only among savages. This abundance of land enables us to sustain the rapid increase of population, of which increase of products is a consequence, and thus to continually outgrow our debt. I have before mentioned, as another of our peculiar conditions, the high scale of living among all classes. To this we, perhaps, owe something of the vigorous efficiency and enterprise of our population, and for this it may be important to retain it; but it still furnishes a resource in the scope for retrenchment, which, in any emergency of the government requiring it, would be available for a large amount.

THE WOMAN'S COVENANT.

UNDER this caption, the "New York Herald" of 23d May, 1864, says: —

"Some of our patriotic countrywomen have recently made a very silly covenant to wear uncomfortable clothes. Our great-grandmothers drank sassafras only because they could not get tea, and wore linsey-woolsey because silks and satins could not get into the country, and not for any other reason. Imported goods are plenty, and every dollar's worth bought goes to increase the revenue of the gov-

ernment. This movement began in Washington with the Congressmen's wives, and is exactly of the character of the Washington financial ideas. The Congressmen labor desperately to devise a means to increase the revenue, and they cannot do it, and now their wives have hit upon a plan that will decrease the revenue to an immense extent."

The fair fame of the noble women of the Revolution will not be disturbed by this flippant irreverence. The patriotism of those who now emulate their example is not impugned; but their action is characterized as silly. This may mislead the superficial or thoughtless, and encourage those who have no disposition to make sacrifices to ridicule those who have. It is at best repulsing a generous offer with a churlish sneer. But the writer is evidently as deficient in his reason as he is in his breeding and sentiment.

Under his view, if the wife and daughters of a tradesman should buy largely of his stock of silks for their own use, his finances would thereby be much improved by reason of the percentage of profit charged on all his sales. The statement is too shallow to float an idea, and we do not propose to launch one into it — but only to make some remarks upon the covenant, which we deem a matter worthy of note.

Vigorous industry and rigorous economy are now our reliance for national support; and if generally practised, would soon supply all the wants of the government, and bring our currency to a specie basis. It is a common fallacy to assume, that if we forego the use of foreign products, we may squander our own with impunity. Economy in the use of these is also needed. A nation is but one of the large families of the world. If any family, say that of a farmer, whose whole income is from their farm, use up all its pro-

ducts and buy nothing, they neither lose nor gain in wealth; but if they buy some things of others, having no surplus products of their own to pay with, they are on the highway to bankruptcy. The more we economize in our own products, the more we shall have to sell to other countries to pay for articles we import, some of which are essential to the national defence.

Many well-meaning people satisfy their own scruples in regard to their luxurious indulgence with the idea that the employment of labor even for that end is a public benefit. If they should thus squander directly, say by first employing the laborer to raise corn, and then for mere amusement burn the corn, they would see that the bonfire might cause some families to suffer from hunger. It obviously makes no difference to the actual result whether the labor is applied and exhausted in the selfish personal gratification directly or indirectly. No one has a right to use the power, which the possession of money gives him, selfishly to appropriate an undue portion of the labor which the nation needs.

This patriotic movement of the more thoughtful of our fair countrywomen, then, is in the right direction. It helps our finances, and at the same time fosters noble sentiments, and rebukes that low ambition to parade the possession of wealth which has increased with a sudden accumulation incident to the gambling spirit of speculation that is engendered by the circumstances in which we are placed. The moral influence of the movement is probably more important even than the financial effect; though this, from its tendency to encourage economy generally, will far exceed the many millions saved in silks and other expensive articles of dress. Our sex can but poorly

appreciate the sacrifice they offer. To us a change of apparel, involving no tangible bodily discomfort, seems a trifling affair. But we must bear in mind that this matter of female attire, by its association with refined taste, grace, and elegance, by its agency in heightening the charms of beauty — its artistic reflex upon the gem of which it is the setting — is really one of the substantial elements of woman's power — of that power by which she exerts her peculiar influence in civilizing, refining, and elevating our race, and to which all the coarser potential forms of human agency are wholly inadequate. By personal adornment to enhance the power by which she so sways the moral destinies of nations is to her an instinct, a portion of her very nature and being. There is no condition of society so low or so barbarous that it does not manifest itself, and none so refined or advanced that it does not keep pace with it. Where the drapery is mainly what nature supplies, she finds means to garnish it, and as art advances, its highest attainment is brought into requisition for her personal embellishment. The iron rule of the ascetic Puritan could not wholly repress this sentiment, and the milder restraints of the Quaker discipline but invest it with more coy and piquant charms. Their offer, then, is that of a magnanimous sovereign, who for the weal of his subjects proposes to relinquish the elements of his hereditary power, and should awaken in us a higher esteem, a more loyal devotion, and at the same time inspire us to emulate their patriotism by generous sacrifices and heroic action.

I would that the beauty of this contemplated movement should not be marred by any narrow or selfish sentiment, so peculiarly unbecoming to woman; nor

yet by a spirit of retaliation derogatory to her proper dignity, however that spirit may have been provoked. Her benign influence will be more happily exerted in allaying than in aggravating the harsh feelings which may lead to results which we all would regret, and deem disastrous to the best interests of humanity. We complain of England, that, contrary to all our expectations and all her professions, she has favored the advocates of slavery. But, however mortifying the confession, we must admit that while our ruling class openly avowed that relief to the wronged and oppressed was not our intention, and while even the rancor of civil strife did not prevent some of our military leaders from uniting their forces with those of the rebels to rivet the shackles of the slave, and crush the hope which, after ages of the darkest despair, had just sent a gleam of sunshine into his soul, we had no reason to expect that the heart of that great nation which, however incrusted in a cold, selfish, petrified public policy, still retains much of its native warmth and sensibility, should be touched with sympathy for our cause, much less that its intellect would be convinced that our victory would be a triumph to humanity. The logic of our position was against us; and we ourselves now perceive that early success would have left the North still the guarantors and supporters of slavery — still the submissive slave-catchers for the South. And let us not forget with what unfaltering faith in our eventual regeneration a Cobden and a Bright espoused our cause; nor the elevating words of encouragement we received from J. Stuart Mill, Goldwin Smith, and others of England's deep thinkers; and more especially, in connection with the subject we are upon, let us not forget the sublime utterances which

came up to us from the very depths of England's social system — from those brave men and women of Lancashire, who, in the extremity of privation brought upon them by our war, still asked no relief at the expense of the oppressed of other lands, but nobly cried out, "Let the right prevail; let this diabolical institution, this foul disgrace to mankind, be exterminated; though in England we now starve, let slavery in America be forever abolished." And if the exigencies of that cause to which they have manifested such self-sacrificing devotion now require that we should lessen our support to their industry, let us not aggravate the evil by any offensive or invidious discrimination against them; but appreciating the noble spirit they have manifested, and animated by their example, evince at least a disposition to share with them the unavoidable consequences of this necessary retrenchment.

We see, then, that the requirements of a high sentiment, as well as of the most enlightened policy, will be best fulfilled by making this economy general, instead of limiting it to foreign products; though this, as our most highly wrought and expensive articles are from abroad, will, to a great extent, be the practical result.

I will only add, that it is somewhat significant of the value of this economical movement, that those English journals which have steadily opposed our interests are now reviling it.

CONTRACTION *versus* EXPANSION.

THE circulating money is now about $800,000,000; gold, over 260; money scarce, and speculators clamorous for further inflation.

Suppose the circulation were doubled; investments would then prove profitable, and the impetus of speculation thus stimulated would advance prices, say two and one tenth times, and then two and one tenth times the amount of currency being required (and this even if the number of exchanges were not increased), money would soon become scarcer than before.

Expansion, then, soon aggravates the scarcity, and at the same time, by increasing the profit of other investments, lessens the demands for government bonds.

The inference from the present state of things is, that the prices of gold and other commodities have been advanced beyond what is due even to the present large volume of circulation. Encouraged and aided by the constant expansion, the speculators have been active, augmenting the evil of inflation, and reducing the market value of our bonds at one time to thirty-five and now to about thirty-eight cents on the dollar.

Continue the expansion, and they will soon be at twenty; for the tendency is to fall in a ratio compounded of the amount of circulation and the diminution of credit which such reckless financiering engenders. If with such enormous expenditures we come to promising five dollars for only one in hand, the promises will probably never be fufilled, or at least involve such doubt as to make them of little value. Further inflation then leads directly to national bankruptcy, and very probably to revolution and anarchy.

With bonds at the present low point, the sacrifice in arresting the downward tendency must of course be much greater than it would have been at an earlier period, when a less issue of them would have sufficed, and when such destructive sacrifices had not alarmed

capitalists as to the final result. It is, however, now the only available means of averting bankruptcy, and it is better to make the attempt when our ability stands at thirty-eight, rather than wait till it is reduced to a still lower point.

One vigorous effort will probably accomplish the object. When once the speculators are satisfied that the current has changed, and that the future policy will be such that currency will appreciate, and gold and merchandise relatively depreciate, the millions now profitably used in speculation will be released and become available for public service.

Besides this, as soon as the current changes, every decline in prices strengthens the government — improving its credit and lessening its expenses. It also releases proportionate amounts from the channels of commerce.

If $800,000,000 is just adequate to the requirements of trade with the present inflated prices, then a general reduction in these prices of one per cent. (say from 250 to 247½) releases $8,000,000. This the government should withdraw; and continuing an active competition with the speculators in hiring money, repeat the operation, till prices are brought nearer to a specie basis. Here, as it would not be expedient to use the labor of the country, which is wanted to supply our armies, to supply a metallic currency, the contraction should cease till with peace we have some spare labor to apply to that important object. With such contraction, the national expenses would of course be very much diminished, so that the internal revenue, which, with expansion, would soon become almost inappreciable, would probably defray nearly one half the amount. Such a condition of affairs would inspire

confidence and make the raising of the balance an easy matter.

The constant diminution of the currency making holders of property anxious to sell, prices would thus be carried *below* what would be due to the circulation at the moment, and hence *contraction would soon make money plenty, as expansion makes it scarce.*

The cessation of speculation would not only release large sums of money now embarked in it, but would release for actual use large amounts of property now held for a rise; and thus (if it be a foreign product) immediately lessen the necessity for import, or (if it be home product) increase our ability to export.

Besides, the products for proper use would be increased; for even if these worthless speculators cannot be induced to become productive laborers, they would be prevented from obtaining the means of wasting what the labor of others had produced; and this suggests another good effect of contraction, in curtailing the present unseemly and untimely extravagance, and inducing an economy now hardly less needed for its moral than its pecuniary benefits.

When the Bank of England seeks to prevent the export of gold it increases the rate of interest; and though our government, now being the great borrower, would lose by a high rate, yet some compensation would attend even this feature which may mark contraction.

The ability of the nation being ample, it cannot be that there is no remedy for our financial difficulties. The people being also willing, it only remains for those in charge of our affairs to seek out and apply this remedy.

As the banks will be large gainers thereby, they

should, as indicated in my last communication, contribute to the contraction by drawing in or at least by diminishing their circulation. It is to be expected, too, that success to our arms will soon greatly facilitate this financial reform.

The foregoing views are in direct conflict with the popular notion that contracting the currency will make money scarce and prevent the sale of government bonds, showing that this result really follows expansion, and that contraction will facilitate the sale of the bonds, while it also lessens the amount of them required to be sold. If these results are true they are manifestly very encouraging and important to a practical solution of the financial problems of the day. If they are erroneous, the fallacy of the foregoing positions may be shown, and I would, through you, submit them to public scrutiny.

July 19, 1864.

LETTER TO PRESIDENT LINCOLN.[1]

PEACE DALE, R. I., *September* 3, 1864.

MY DEAR SIR: It would not comport with my sense of propriety or of self-respect to trouble Mr. Fessenden further in regard to the financial programme I submitted to him, but with such momentous public interests at stake I might suppress all personal scruples if I saw any hope of beneficial results. But Mr. Fessenden told me that he fully comprehended all my views, and that there was not one of them that he did not approve. What more, then, can I have to say? I believe him entirely sincere, and can only infer that making his intended policy *public*, which was embraced in those views, seemed to him too unimportant to be mentioned as an exception. I deem it a most essential element with which the whole system may even at this late hour be successfully carried out, and that total failure may result from ignoring it. In this view I am fully confirmed by Mr. Cisco and other financiers in New York in whom Mr. Fessenden confides, and thus supported I have no hesitation in still urging its adoption. Only two modes of doing this are now open to me, either through the press to infuse my views into the public thought and trust to the reflex action on the central power, or to present them directly to you. Of these two modes I deem the latter preferable as avoiding some weighty objections to a public exposition of

[1] Now first published.

our financial position till some improvement in it is effected, and shall only adopt the former as a last resort. I would then suggest that on a point deemed by many of us, who have directed thought to it, as possibly involving the integrity and stability of the government, some means be adopted to avail of whatever wisdom of thought or of practical experience may be found among us, and that as speedily as possible. Upon it, as upon the necessity of prompt action in raising money on bonds, my own powers both of argument and persuasion have been wholly exhausted.

I admire Mr. Fessenden's sensibility, I appreciate the prudence which fears to promise even effort which may not be successful, and I honor the modesty which shrinks even from the appearance of being boastful; but what I have just suggested is in perfect harmony with all those virtues, and I could not commend the wisdom which would sacrifice or put in jeopardy great national interests to save appearances. In this case the avowal of his policy is an important part of the policy itself, and indeed that upon which its successful working is mainly predicated. I perceive my letter must be a long one, but I bespeak your patient attention to the subject of it, which I will present as concisely as I can, and if it serves to relieve you of some of the unprofitable and unpleasant duty of listening to the numerous applications for personal favors with which I saw you were daily beset, I think the public interest will not suffer, nor its inflictions on you be much aggravated by your devoting a few moments to it.

Mr. Fessenden on coming into office found the government in urgent want of money, the currency so expanded that it was paying three prices for all it

bought, yet money was scarce and of course the demand for bonds thereby curtailed. He very properly repaired to our financial centre for advice and aid. Under his construction of the law he felt constrained to decline $50,000,000, proffered by the bankers, and could not have been encouraged by the results of his consultations with them. He was advised that money being scarce he must still further expand the currency before he could sell bonds. This was in effect saying, On the one hand you cannot sell your bonds at all, and on the other, what you get for them will be worthless. In short, if the bonds could only be sold by first expanding the currency to furnish the means of paying for them, national bankruptcy was inevitable. It seemed incredible that with our abundant resources such catastrophe could not be averted, or that with 800,000,000 of circulation further inflation was a necessity; and on investigation I came to the directly opposite conclusions, that expanding the currency would make money scarce and prevent the sale of the bonds; while contracting it would make money plenty and facilitate their sale. This obviously indicated the mode of relief from our financial embarrassments, and is the foundation of the measures I suggested to Mr. Fessenden. The truth of these propositions, then, is all-important. You have the argument "Contraction *vs.* Expansion," in which I think they are clearly demonstrated, and I believe to the satisfaction of every banker, financier, or practical business man who has examined it. That from their paradoxical nature many at first deemed these propositions absurd, gives additional weight to this unanimity. A plausible averment, though universally accepted, is less reliable than one which has overcome the prejudices of all investi-

gators. Assuming, then, the truth of these positions, we come to their application: and first as to the effects of contraction and of the agency of publicity in securing these effects. There being 800,000,000 of circulation, a withdrawal of 80,000,000 will reduce the prices of gold and other commodities ten per cent. We will suppose the first difficulty of obtaining the 80,000,000 overcome, and that the government has inaugurated contraction to that extent. The holders of merchandise, however, not being aware that this policy is to be pursued, will look upon the decline in prices as one of the temporary fluctuations which attend a vacillating policy, and thinking that the next turn will be expansion, or in some way in their favor, will hold their goods. To do this they will pay 10, 15, or 20 per cent. per annum for money for a short time, and the government then unable to sell its bonds at any acceptable rate is compelled to disburse the 80,000,000 it has withdrawn. The speculators will thus achieve an early victory, and again expose the weakness of the government in a game in which it has been playing at cross purposes with all the business and industrial interests of the country.

On the other hand, let it be openly avowed that the policy of contraction will be perseveringly pursued, and this avowal will of itself cause a desire to sell, and a decline in prices; and a decline of one per cent. will release $8,000,000 from the wants of regular trade, so that a decline of less than two per cent. a week will give the government from this source the means to inaugurate the *actual* contraction, and thereafter to continue it and pay all its current requisitions, besides the immense amounts which would be released from mere speculation. When it is known that the expan-

sion has ceased, money will be no longer worth more to hold goods for a rise than the government can pay for it. The weight will then be put on the right side, the machine will run of itself freely, only requiring intelligent direction and control, and all the business effort of the country will harmoniously cooperate with that of the government. Nearly all the business men are anxious to get back upon a sound and stable basis, knowing that although many of them must lose very heavily in the process of reaching it, their losses will only be augmented by delay. To attempt it without notice to them would greatly aggravate the calamity and furnish at once the occasion and good reason for bitter complaint. The industrial interests should of course be as little disturbed as may be by the process of contraction, both as a matter of justice to those engaged in them, and to avoid the diminution of product to which such disturbance tends.

Reduction of prices can *probably* be effected by the power of the government without any exposition of its purposes, but it would then have to obtain the money with which to inaugurate it before any anticipated decline had released it from the wants of trade, and of course in direct competition with those wanting it for regular business and for speculation, who, under the hope that the contest would be short, would put forth all their energies and pay any price for money to go through it. Until the public in some way came to know the policy, there would be no prospective release of capital from the channels of business for the use of the government, and the system would work hard and cause much needless injury. I will merely recount some other of the effects expected from contraction, upon which you will readily perceive the bearing of the open as compared with the covert policy.

Passing those already alluded to, release of capital from business and from speculation, etc., I would mention —

1. Large amounts now held abroad waiting the highest price of exchange (or the maximum inflation) will be immediately drawn for.

2. Like amounts sent abroad by the timid and distrustful for eventual safety will be redrawn as soon as the holders are satisfied of the intention and the ability of the government to sustain its policy of contraction. These will probably wait some actual progress in it.

3. Economy, so important to the national ability, will be increased.

4. Foreign capitalists will hasten to avail of the high prices of gold and exchange to invest in our bonds before contraction deprives them of this immense advantage, and our credit and the consequent value of the bonds will be actually much enhanced by this policy.

5. The expense of the government will be rapidly diminishing, requiring a much less amount of bonds to be put upon the market.

6. The internal revenue which with expansion is rapidly becoming inappreciable will with contraction pay a large portion of our expenditures.

7. The publicity would easily protect all. None could prey upon others by means of earlier information, and the officers of the government would thus be relieved from the suspicion of collusion with speculators to which they have often been subjected, and no doubt sometimes unjustly.

To my mind the open policy is in its every aspect not only most expedient for the end immediately in

view, but in itself at once more elevated and more elevating, and commends itself to our noblest sentiments no less than to our shrewdest calculations and profoundest judgments. Such harmonies are tests of truth.

I have said all I have to say on this point, but there are some others to which I would invite your attention in the investigation of the subject you proposed to make for yourself, and especially the necessity of prompt and vigorous action in obtaining the requisite amount of money to carry out the proposed policy.

To practically apply the general principles which I had thought out required that the whole ground should be examined. The principal obstacle at this time (about the 1st of August) was the 7·30 bonds, of which about 100,000,000 would mature August 19th and October 1st, with the option of the holder to convert into bonds of '81. If in raising the money immediately wanted, the bonds of '81 should by any untoward events be reduced below par, then currency would be demanded for the 7·30's, and as our affairs were, the payment of 100,000,000 extra would be a very awkward feature. A few days after, I suggested notifying the holders of these 7·30's that the payment of the interest (gold) would be anticipated on all deposited for conversion. As the premium on the gold and on the bonds of '81 at the time offered sufficient inducements, the 7·30 bonds would thus be got out of the way. I also conferred with the bankers in New York, in the hope that they would furnish the 50,000,000, to help bridge over to October, and aid contraction. As a creditor interest they readily saw the benefit to them of contraction, and many of them (some who before opposed) favored the loan. Others

thought it out of their power to do it except on the terms which Mr. Fessenden had already rejected. Fortunately large orders from Europe enhanced the price of our bonds, and when Mr. Fessenden reached New York (from Portland), I felt justified in advising that obtaining the 50,000,000 was not important, as the conversion of the 7.30's could no doubt be made certain in the mode proposed. As in the programme I had marked out, and which seemed to be acceptable, this was to be the initiatory step, I suggested its immediate adoption, and that the notice should appear next morning (Saturday), otherwise there must be a delay of two days. In view of the increasing amount of unpaid requisitions rapidly piling up, difficulties which might soon become insurmountable on the one hand, and the peculiarly favorable state of the market for the sale of bonds on the other, I urged this with more pertinacity than was quite agreeable either to Mr. Fessenden or myself. Mr. Fessenden sometimes chafes a little as well as you, and I worried him till he said he wanted to wash his face and hands and eat his dinner. I *accidentally* knew (which I believe no other person knows) of great financial dangers we had narrowly escaped, and dreading a recurrence of that danger in the delay, I felt as one in a nightmare whose intensest efforts produce only the least possible apparent movements, and really no movement at all, except a little in his own brain. But there was nothing more to be said, and I consoled myself as well as I could with the reflection that it would perhaps cost only $2,000,000, and that as things went this was cheap enough, for no doubt we have some officials to whom we would pay that sum if they would only make clean their hands, to say

nothing about their faces. I congratulated myself, too, that the head of the Treasury was not one of these. The instructive point, however, in this is, that the delay to do what I advised on that day will no doubt cost us $20,000,000, if not more than double that sum.

On returning from Washington — though on questions of such national importance I would not much regard party lines, yet for obvious reasons I intended to confer only with those favorable to the administration, upon which the responsibility now devolves — I accidentally, and without any advances on my part, heard the other side also, and all agreed that a most favorable opportunity for retrieving our affairs had been lost by delay. Among other things it was stated that upon the very day upon which the government offered the bonds of '81, we had news of a decline of 3 per cent. in our securities on the other side. As I suggested to you, Mr. Fessenden has more upon him than any man coming unexpectedly into his position, and especially in his state of health, can be expected to perform, and he is so conscientiously desirous to do his duty in all that comes before him to do, that he has no time even to discriminate between what is absolutely necessary and what is only very important. When one evening I was pressing upon him the necessity of immediate action, he said: "I feel it all: I have been wanting to attend to it all day, but have not had one minute that I could devote to it." I was alarmed; I felt as though the financial partner of a house in which I was interested should say, I have not time to pay my notes before three o'clock. I again bring to your notice the necessity of his having more aid, or some relief from minor details, that he may have time to attend to those more important. At the

same time the difficulties of his position were evidently thickening. While I was in Washington the payment of the army was suspended, and this stopping payment in this most vital point may be regarded as evidence of great financial extremity, and have a most injurious influence upon our credit, particularly abroad. It may be regarded as though a commercial house should direct its cashier not to pay borrowed money, in which case nothing short of some such excuse as that the financial partner had been suddenly struck with palsy or lunacy, could give success to any efforts to retrieve the error. If it should occasion the bonds already taken abroad to be returned upon us for sale, our danger would be imminent, and probably nothing short of decisive military success could enable us to keep the field.

The army must now be in arrears nearly 100,000,000, some portions of it not having been paid for eight months, and discontent beginning to manifest itself. At best, even with the increased pay, they get but about one half the purchasing value they contracted for. By the financial condition the rest is lost to them, with little or no gain to the government or the country.

The question as to the event of the war has for some time been whether our resources for *money* would hold out longer than the rebel resources for men. We have undoubtedly lost much in this department by inaction (perhaps under the peculiar circumstances unavoidable to a considerable extent), and yet it may by some be thought best to delay inaugurating a new system till after the elections in November. But even if we could possibly drift along till then without grounding, it would not be safe or judicious to attempt it. It would clinch the charge of imbecility now so

freely made, and which the apparent supineness of the last sixty days has in public opinion but too firmly fastened to this department of your administration. A new and energetic movement might go far to counteract this influence.

I apprehend too that there is a very large class of laborers, and of persons living on moderate fixed incomes, to whom great actual injustice is done by the present vicious system, and who, feeling themselves stinted in their living, ascribe their privations to bad financial management, or deem them the direct effect of the war, and in either case will be easily persuaded by demagogues to support the "Peace at any price Party." They seldom murmur, for in this country such has been the ease with which the necessaries and comforts of life have been procured, that want is associated with imbecility of some sort, and hence pride stifles complaint; but it intensifies the feeling which occasionally finds utterance in such expressions as, "If these prices continue, there will be fighting here," which statesmen should not disregard. The unpractised ear is hardly aroused by the low, muffled rumbling which precedes the disrupting earthquake.

A determined system of contraction would aid this large class, and the open avowal of such system would at least evince a disposition on the part of the government to do them justice. With the success of our arms, which we all hope for, perhaps almost any financial system will answer; but past experience warns us not to rely on this contingency, and the sooner we adopt the best system, the safer we will be on this our most threatened side.

You may think this "a pretty dish to set before the *President*," but will perhaps agree with me that it is

better for you to take the dose than that the whole people should be nauseated with it, or that the nation should be paralyzed for want of the nutrition which only a pulsating heart can send through its arteries.

Yours very truly,
R. G. HAZARD.

Since writing the above, we have received the gratifying news from Atlanta, and I hope much from it. The same mail, however, brings the intelligence that German holders of our bonds have become alarmed at the condition of our affairs. Mr. Fessenden's prepayment in gold of the interest due in October and November will probably have good effect in allaying their fears. If, however, the bonds should be returned, military success may enable us to take care of them till the tide turns on the other side, when they will again be wanted there, and at much higher prices than they have recently paid us for them. I will only add that I appreciate the importance of Mr. Fessenden's deciding as to the financial system to be adopted, not only because the responsibility is upon him, but also that he can better work out his own plans than those of another; and whether they conform to my notions or not, so long as I see any ground of hope therein, I will cheerfully by thought or action contribute all in my power to their success.

HOURS OF LABOR.[1]

WHAT portion of a day laborers should work, is a question to which public attention is now very properly directed. The solution of this question will probably make it apparent that the interests of the employers and the employed are not materially diverse.

There is no doubt that a man working a certain time with elastic vigor and determined purpose may accomplish as much or more than by a listless, sluggish, irksome application to work during a much longer period. The hours of labor may be so long as greatly to impair the bodily strength, and thus directly diminish the effective power. But, in view of other elements, it will appear that the time of greatest efficiency is less than that within which the physical organism can exert itself without detriment to its energy.

It was always true, that intelligence added much to the efficiency of the laborer; but it is more emphatically so now that so large a portion of the work requiring mere force is performed by the action of steam and water power upon machinery demanding intelligence to design and construct it, and then to superintend its movements. The intellectual improvement of the laborer is, then, of great importance, even in the merely economic aspect of the subject which we

[1] From the *North American Review*, January, 1866.

are considering. This improvement requires not only time, but mental effort, to which physical exhaustion by labor too long continued is very unfavorable, while a very considerable amount of bodily exercise gives tone and vigor to the mind's action. It is, then, good economy to combine the two, and unwise to task all the powers of a man in mere muscular drudgery, to the exclusion of the mental effort which his intellectual health and progress demand. It is urged that laborers waste, or worse than waste, the time which short working hours leave at their disposal. No class of men employ all their leisure most wisely; but there is, perhaps, good reason to believe that none more nearly do so than laborers, when libraries, lyceums, and other means of improvement are accessible to them, and especially when they are properly encouraged and directed, or even not misled, by those whose superior advantages should make them the exemplars of society. Though much of the laborer's leisure time may be wasted, yet that which is well employed will probably be in proportion to the whole quantity at his disposal; and if more is given, more will be devoted to intellectual pursuits or moral cultivation.

The conditions of slavery require that the laborers should be kept ignorant; and this is one reason why accumulation in the slave States has been so much less than in the free. The slaves not only had no inducement, and hence no disposition, to earn, but through ignorance were comparatively powerless to do so.

The cardinal points in our inquiry regard, in the first place, the quantity of product; in the second, the division of that product. Security in its possession and economy in its application are important

considerations, more remotely connected with our subject.

The quantity of product depends upon the efficient labor devoted to its creation, and the degree in which this labor is aided by natural agents or by artificial contrivances. Capital is one of the things needed to give efficiency to labor. As the laborers while at work on the growing crop must be fed, supported, paid from the accumulation of the past, this accumulation, this capital, constitutes a fund for that purpose. It is also needed to make the exchanges of property, — to construct roads, railways, and labor-saving machinery of various kinds. Having a value for these purposes, and the supply of it requiring labor, it commands a price. This price is variable. In new countries, where there is little or no accumulation, and the opportunities for profitable use are numerous, its price is generally high, causing it to flow to them from older settled sections. In all countries, however, where there is trade, the products are divided between labor and capital; and the proportion which each obtains is a very important point in this discussion. Labor and capital getting the whole, the more there is allotted to the one, the less will be left for the other.

The capitalist often also labors, and, in that case, will get the shares respectively due to the amount of labor and of capital he supplies. When he furnishes the whole of both, the whole product is his; but it rarely if ever happens that a producer does not in some way avail himself of roads, railways, or machinery, which have been provided by other capital than his own.

Looking only to the enjoyment of material com-

forts, the common interest of mankind obviously demands that labor should be so employed as to realize the greatest production. The more of such comforts produced, the more easily can each individual procure a portion of them.

It also appears, that for the greatest production the hours of labor must be less than the maximum which the mere muscles and sinews will bear. There must be time allotted to that intellectual development which gives efficiency and proper direction to muscular action. But the individual employer may overlook the tendency of excessive toil, or may not deem it his interest to foster the permanent efficiency of labor by accepting shorter days' work at present, and for immediate gain may sordidly become accessory to the deterioration of his fellow-men. He may do this with the consent of those most directly injured. By high wages he may bribe the laborer to work himself, or, what is much worse, to cause his children to work, more hours than is compatible with his own or the public interest, or with humanity.

Where the efficiency of the laborers has already been promoted by increased intelligence, such employers are in the position of a tenant hiring a farm which has been made productive by former good husbandry, but which he so crops as to render it comparatively barren, and then perhaps hires another to treat in the same manner. In neither case, however, does it often happen that so low a point of deterioration is actually arrived at, that still lower may not be reached by a repetition of the same process. In the conditions of slavery, the minimum efficiency of labor was probably most nearly attained; and here, too, the practice of wearing out one tract of land and re-

moving to another was most common. This system can probably only be sustained under the most favorable conditions of soil and climate, or by drawing more from the land than, with slave culture, it would continue to yield. These results, to some extent, illustrate the influence of ignorant and degraded labor. It is obvious that the whole community, on purely economic grounds, has a deep interest in the great questions affecting labor, and the thought of individuals and the organized power of society may well be invoked to devise means to prevent its deterioration or promote its efficiency.

It would not comport with our notions of liberty, nor should we deem it wise, or even expedient, for any government to interfere with the sphere of individual effort or duty, and deprive men of the needful discipline of self-control or self-direction, by prescribing the terms or conditions upon which they may dispose of their own labor; but justice to the community, as well as the common sentiment of humanity, demands that minors should be protected from the excessive toil which stints their intellectual growth, and that opportunities for the development of the greatest energy should be provided for all.

It is obvious, however, that even for these objects, the time of labor may be too short as well as too long, — so short that the product would not be sufficient to sustain the highest bodily or mental conditions, nor the accumulations suffice for erecting forges, mills, and constructing the various machinery by which human labor is so abundantly aided. There would then be fewer products for use; there would be a diminution of the comforts of life; and if the consequent privation be divided between capitalists and

laborers, all will have fewer of those comforts which labor provides.

The idea prevails among laborers, and is shared by many others, that a general reduction of the hours of labor would so diminish the supply, that they could obtain as much wages for the shorter as they before did for the longer time. As this belief is the foundation of the combinations to reduce the hours of work, and of interference with those disposed to work the longer time, it is important to ascertain how far it is well founded. If it were universally true, labor might command for its remuneration more than all it produced.

We will suppose that ten hours per day will give the greatest product, and that laborers will work through each of the ten hours as efficiently as for a shorter time, and, further, that prices are inversely as the supply. Though neither of these propositions may be strictly true, they will serve the purposes of illustration.

If any one individual proposes to work only half time, he knows at once that he can get only half pay. Neither the supply of labor nor the quantity of product being sensibly affected, prices will remain the same, and in the division between labor and capital he gets the same share of what he actually produces, *i. e.*, one half the quantity for half-time work, that he would for whole time. He readily perceives that he can get no more per hour than all others demand. At any higher price there will be no sale for his labor, because all the customers for it can buy for less. He very naturally seeks to remove this obstacle to his obtaining the same wages per day for half time, by prevailing upon his colaborers to work half time also.

Suppose he succeeds to an extent which will sensibly lessen the supply of labor. If the wages per hour are thus raised only in a very small section, the effect will be either that the laborers from the adjoining sections will come in and do the work at less rate, or the work will go to other sections to be done. Suppose, however, that this reduction of time is effected upon a larger scale; for instance, that throughout Section A, embracing one whole country and one quarter of the whole labor of the commercial world, all reduce the time of work from ten to five hours. This would diminish the supply of labor to the world only one eighth (as 8 to 7); and the price per hour, being equalized by competition, would advance in the ratio of 7 to 8, one seventh, say from 10 to 11⅜ cents per hour, and the five-hour laborers will get 57½ cents per day in place of the 100 cents they before received for ten hours. But this universal advance of ⅛ in the price of wages will advance the price of products ⅛, so that the 57½ cents will buy no more of them than 50 cents before did; that is, for five hours' work the laborer still gets just half as much product as he did for ten hours' work.

This result, however, is founded upon the presumption that, as between capital and labor, the product will be divided in the same proportion as before its diminution. Labor and product being both advanced in price as much as they are reduced in quantity, the amount of free or floating capital required to pay labor and exchange its products will remain the same. It is precisely for the reason that the capital applicable to these purposes all competitively seeks use, that prices rise in proportion to the diminution in quantity. The practical operation would be this. Labor and

product in Section A being diminished one half, and prices advanced only one seventh, there is a portion of capital thrown out of use which will be sent abroad for employment. And it will there be wanted; for the quantity of labor and product being the same as before in the rest of the world, and prices advanced one seventh, this addition to capital will be required. To illustrate this, suppose that, before the reduction, the quantity of product, as also of labor, in Section A is represented by the number 700, the product and also the labor of the other three fourths of the world will then be represented by 2100, and these figures will also represent the proportion of capital required in each for paying labor and exchanging its products. Now when the labor is reduced one half in Section A, its products will stand at 350, and, being advanced one seventh in price, its value will be 400, which will also represent the amount of capital required for the reduced business, leaving a surplus of 300, which is just what will be needed by the advance of one seventh in the price of the 2100 labor and product in the rest of the world. Hence, as the supply of this portion of capital and the demand and use for it remain the same, its price will not be changed; and, the same rate of interest being paid, its owners receive the same aggregate amount as before the diminution in labor and product. But they, too, have to pay the increased cost of products, and hence, with their incomes, can procure only seven eighths the amount of products as before.

It appears, then, that while the laborer in Section A can obtain only one half the former amount of product for his labor, the capitalist can obtain seven eighths. Now people do not often lessen their expenditures in a greater ratio than their means are dimin-

ished; and in Section A, while the laborers can, at the supposed advance in price, buy only one half, the capitalists can buy seven eighths the former amount of product. But the whole product in this section has been reduced one half; and hence the capitalist will either trench upon the laborer's share by overbidding him in price, or a portion of the supply before produced at home must be brought from abroad at increased cost. By this last process the price of the whole home product will be advanced to the cost of importing articles of the same kind, so that in either of the cases above mentioned prices are increased, and the products which the laborer in Section A can buy with his wages for half time will be reduced to *less than half quantity*. The ability of the capitalist in Section A to buy is reduced in the same proportion below seven eighths as that of the laborer is below one half. As the product in the other three fourths of the world remains the same, while the ability of the capitalists to buy is there also reduced one eighth, there will be a surplus just sufficient to supply the three eighths which the capitalists in Section A are able to buy over their proportion of the home product, but nothing to make up the deficiency of one half to the laborers, even if they had the means of buying. But in this moving of products there is increased labor, adding to cost and diminishing supply.

But besides the free capital used to pay labor and exchange products, there is in Section A other capital, in the form of utensils, machinery, forges, mills, railroads, etc., which, though now used only half time, will still all be required. As, by the export of the surplus movable capital, the price of capital remains the same, these fixed investments will command the

same rent per annum as before, and the owners of them, receiving the same income, will add to the class who can afford to buy seven eighths the quantity of product. Take, for example, the case of the owner of a cotton or woollen mill and its machinery. If he could run it only five hours per day instead of ten, and paid the same price per hour for the same quantity of labor per hour, he would lose the use of his capital, his mill, half the time. Under these circumstances, there would be no new mills or machinery built till the profits to the owner from running five hours per day became equal to the profits when running ten hours, or to that obtained by running ten hours abroad. To effect this, the labor for five hours must be enough less per hour to make up the interest on the capital for the unemployed time, i. e., the five-hour laborers must work at half the price per day of the ten-hour laborers, with a further deduction from their aggregate wages of one half the interest on the fixed capital required for the business. By lessening the time of work, the laborers are placed in the position of one who pays full interest for money which he uses only half the time.

Further to illustrate this, suppose 1,000 laborers, working ten hours in a mill, produce or add to the value of the material used per day . . $1,200

Which, being divided, the laborers get $1,000

The capitalist 200

$1,200

This gives to each laborer 100 cents per day, or 10 cents per hour. Then, if the laborers reduce the time and product one half by working only five hours, the added value will be only $600 per day, of which the capital will still take $200, leaving only $400 for the

laborers, which will give to each of them only 40 cents per day, or 8 cents per hour for the five hours, in place of 10 cents per hour for ten hours; or if prices are affected by the diminution of labor, the laborer will still get only four tenths the quantity of product for half-time work, and this again reduced by the competition for those products with a portion of the community whose means of purchasing are not diminished in the same ratio. In the case of the *free* capital, the community in Section A, after the reduction of one half in labor and product, pay the same rate per cent. on four sevenths the amount, while they continue to pay an undiminished rate on the *whole* amount of *fixed* capital.

It appears, then, that the laborers in Section A not only cannot get more products per hour for their diminished time of work, but that, inasmuch as they have to contribute more in proportion to the capital employed, they can actually get less per hour, or less than half wages for half time.

It may still be surmised that, if Section A embraced an area to which no products of foreign competing labor could come, and from which the capital released by diminishing labor and product could not be removed, the laborers might then reduce their time of work without lessening their material comforts. The collective commercial world is such an area. Let us, then, suppose that the hours of labor are reduced by one half the world over. It is obvious that, the whole product being reduced one half, some or all must consume less, and it becomes important to ascertain how this privation will be divided. In this case, the capital applicable to the payment of labor remaining the same, and all of it competitively seeking use, the aggregate

amount paid for labor would be the same, and laborers would get the same price per day for the half time worked, or double the price per hour. This so far confirms the popular belief to which we have alluded, that diminished time will command the same amount of wages; but then the same reason that we have just given for the rise of wages applies to products; and with this universal double price of labor, double cost and double prices of all articles will be a necessary concomitant, so that the same amount of wages will buy only half the quantity of products, and the laborer still *really* gets only half pay for half-time work.

The amount of capital required for these changed conditions will be the same; and the ratio of supply and demand being unchanged, the capitalist will receive the same amount for its use; but with the same money income he also can buy only one half the quantity of products. In the transition state there may be some irregularity in rates and prices of capital, labor, and products, and especially if the change is sudden; but the results must finally be as above stated.

So far, then, the laborer seems to have gained by this extension of short time to the whole instead of a portion of the world, inasmuch as he has not now to compete in buying with a portion of the community whose means are reduced in a less proportion than his own.

Labor, however, still gets, at best, only one half for half-time work, and the effect of the universal diminution of supply may for a long time operate quite as much against him as when that diminution was only local. Those having the means will not at once conform their consumption to the new conditions of supply, and capitalists will use more than their share, trenching

upon their accumulation of money for the purpose, and thereby so raising prices, that the laborer has to take less than one half of his previous quantity. It may be said that this rise in the prices of products will cause wages to advance in the same proportion. Such would, perhaps, be its tendency; but then, as at least partially counteracting this tendency, we must observe that the money capital is used both to pay labor and to exchange its products, and that with this rise in prices more is required for the latter object, leaving a less fund applicable to the former.

There seems to be no reason to suppose that the effect upon the laborers' share which would arise from diminishing the products one half by withdrawing half the labor, would be different from what it is when this diminution is caused by drought or other natural cause; and it is by the laborer, and not by the capitalist, that such calamity is most severely felt. Thus we see how important it is to the relief sought by the workingmen that the rich should be frugal in consuming, and not use their wealth as a power to appropriate to their own selfish purposes more than their share of labor and its products.

Another effect of this change would be, that many who before lived upon the income from capital, receiving now only half the product, would have to increase their means of support by labor, thus adding to the quantity of products, and so far counteracting the effect of diminished time of work generally. This would distribute labor more equally, and, in this respect, be just and beneficial.

It is the laborers, then, and not the capitalists, who are mainly interested in keeping the hours of labor at the point of greatest production, because it is they

who suffer most from the diminished supply of the comforts of life which arises from the diminished labor.

We have purposely considered the subject only in its economic aspect, and left out of view the influence of increased or diminished time of labor upon the happiness of a people. The question may well arise, whether, with the great increase of labor-saving appliances, less time might not now suffice for the supply of our bodily wants, leaving more to be devoted to other objects. Thus far the effect of the introduction of machines seems to have been to task the physical powers of man more severely than before their invention, or at least to have kept him more *unremittingly* employed in providing material subsistence and enjoyments than formerly. By their aid, a man can produce, and therefore obtain, so many more comforts in return for his labor, that the inducement overcomes the desire of ease, and leads him to work steadily for the greater remuneration which rewards his toil.

Within a very few years machinery has been very extensively applied to agriculture; and with such success that, in many of the most important processes, one man will now perform the work which formerly required twenty, and with less muscular effort than each had formerly to exert. There is much encouragement that this direct and successful application of machinery to the production of food will of itself give great relief. It seems quite time that the aid which, in various ways, we are deriving from mechanical contrivances in producing physical comforts, should abridge the hours of labor, and leave to all classes more leisure for intellectual pursuits; and whenever the laborers, with full knowledge of the alternative

involved, are ready to forego a portion of the former, that they may devote more time to the latter, it will be an event at which every right-minded and true-hearted philanthropist will rejoice. Nor would it be less cause of congratulation if the rich should voluntarily, not only abstain from a prodigal use of the products of labor, but should forego a portion of their accustomed comforts, that, less work being needed for the support of the world, more leisure might be allowed to the laborer.

That, as we have already shown, the sacrifice which would be involved in fixing the hours of labor below the point of greatest production would fall mainly on the laborers, should give at least additional influence to any well-considered conclusion to which they may come upon the subject. It is evident that, in a country in which the national expenses are small, the laborers might reduce the hours of labor much below what the same state of living would require from those whose productive industry is heavily taxed to support extravagant civil and ecclesiastical establishments, to prosecute expensive wars, or maintain standing armies.

While this shows the importance of economy in our public expenditures, it also suggests that now, when we have our large national debt to provide for, it would be particularly unfortunate to reduce our productive ability too rapidly. We may regret this obstacle to the allotment of the maximum time for intellectual culture; but must bear in mind that nothing is more important to the national prosperity of a people, or to their progress in all that gives superiority to civilization, than good and stable government; and that, to insure this, nothing is more essential than

national credit, without which any government in this age is liable to be subverted. Withdraw the protection which organized society gives to the possession of capital, and there would be no accumulation, no fund from which to pay labor or to build labor-saving machinery. Without such security no one would erect a furnace or forge, and the pointed stick would take the place of the plow. One step further, and no one would plant what he would have no assurance he might not be permitted to harvest. The savage state, in which men live by hunting and gathering wild berries and roots, would then be reached.

The subversion of governments is not always effected by the conquering armies of rival powers, or by civil commotion. To this end corruption is in itself more potent than either, and often prepares the way for them. There is more danger from fraud than from violence, though, from their tendency mutually to produce each other, they are generally combined in the work of destruction. It is said that, in some of our States, the bribery which commenced in the buying of votes has gone on to its legitimate consequences in our judicial tribunals; and as it is through these that the rights of individuals and of society are, or should be guarded, the very foundation of government is here directly threatened. Its power for beneficial action is here most insidiously and effectually undermined. The extension of the suffrage, intended to protect and to elevate the poor, or rather to enable them to protect and elevate themselves, has been made the instrument for plundering and debasing them. The increase of purchasable votes has, in such cases, given the whole political power into the hands of the rich, and of the most unscrupulous portion of

the rich. For a paltry sum the laborer gives to such men the power to rob him of an indefinite portion of his earnings. This is most frequently effected by peculating upon the public revenues; but when this corruption reaches the courts, it can be more directly accomplished by the judicial transfer of the property of those who will not furnish money to elect or sustain the judges to those who will and do. Those who pay this money will not be likely to make the mistake of electing men who will be scrupulously impartial, and show their influential supporters no favor in their decisions. It is evident that, wherever this condition of things exists, there is little hope that laborers can benefit their pecuniary condition, even by successful efforts to procure larger compensation for their services. Where bribery prevails, they have no more security for their earnings against judicial robbery than the serfs formerly had against the rapacious violence of their steel-clad masters. Security for the product of their labor should be their first object; and to elevate themselves above the point at which they can be made the tools for their own destruction by those who have more money than principle, they may properly use all the power of combination and all the incentives of individual interest which they can make conducive to that end. Elevate the national morality so as to insure at all times an honest administration of the legislative, executive, and judicial functions of all our governments, and, instead of being oppressed by the burden of our accumulated debt, we shall press forward on the highroad of prosperity with an elastic energy of which even here we have yet had no example. In the item of the cost of government we have heretofore had an advantage over the

English; but with them production and accumulation have been greatly encouraged by the perfect protection which their government gives to property, and by the prevailing feeling of security which an implicit confidence in the integrity of their judiciary inspires. In the complete destruction of the security of property, and the consequent absence of inducement to permanent investment, or even to accumulate the means for such investment, we see how direct and short is the process by which judicial corruption may reduce a civilized community to the savage state.

In connection with the quantity, the division, and the security of the products of labor, the provident or wasteful use of them deserves consideration. There is a prevailing belief that the prodigality of the rich helps the poor. In this prodigality, however, the rich man only uses the power which the possession of wealth gives him to appropriate more than his share of the labor of the world to his own personal gratification. It is said that, in doing this, he employs and pays laborers. Suppose it suited his fancy to employ and pay them for raising corn, and then to burn all the corn. It is evident that, in such case, the gratification of his caprice might cause some people to suffer from hunger. But the effect is obviously the same if he employs and pays the laborers to minister to his own exclusive personal gratification in any other way. Any man who consumes more than he produces, converts to his own use what the labor of others has provided, and thus inflicts an injury, while those who produce more than they consume confer a benefit, by contributing to the supply of the wants of others.

In the immediate application of products to use, there is great room for improvement. In the prepa-

ration of food, we are in this country thought to be far behind most European nations. In the manufacture of cloth, some of the processes attended with considerable labor lessen its durability; and in tanning leather with too much haste, or by improper processes, its beneficial properties are much diminished. It may be said that a portion of labor may properly be expended to minister to taste, refinement, and the sentiment of beauty; but this cannot be urged in favor of the waste in the application of the products last mentioned, nor to a large class of articles which, in common phrase, are said to be "not honestly made."

As the results of our inquiries, we find, then:

1st. That the laborer can at best get only a certain proportion of what he produces; and that, with any considerable reduction of products, this proportion is more likely to be diminished than increased.

2d. That any one laborer reducing his time of work will obtain more actual remuneration if all others continue full work, than if a large body of them unite in short time; and that, even if the combination extended to the whole world, the result would still be unfavorable to him; and hence, so far as regards his own compensation, it is not expedient for him to persuade others to do less work; while any attempt by violence, intimidation, or social coercion to interfere with the liberty of others to work as they please, is such an outrage upon their rights, such a flagrant wrong, that only evil consequences can be expected from it.

3d. That accumulation or increase of capital is beneficial to the laborer, making a larger fund for the payment of wages and for providing labor-saving machinery. From this larger fund larger wages will be paid, but this will be neutralized by the prices of pro-

ducts being increased in the same ratio. With the increase of capital it will generally happen that more people will be able to live without work. This will lessen the supply of labor, and thus tend to enhance wages; but this again will be neutralized by the higher price of the diminished products, so that the great benefit derived from increase of capital is the ability to provide aids to labor by which products are increased and all can more easily obtain them. That the large amount of machinery now used has not yet given more leisure, is because people have chosen to raise the standard of living rather than to diminish their toil; but it is from a change in this respect that we mainly look for the accomplishment of the latter object. In what we have said of accumulation, we do not intend to imply that it should be concentrated in the hands of large capitalists, but, on the contrary, we believe it better that it should be much diffused.

4th. That a prodigal use of labor and its products, though paid for at full prices, is injurious to the whole community; while a universal economy would lessen the toil of providing for the general support, and thus facilitate a diminution in hours of labor.

5th. That to encourage accumulation, but more especially to get the benefits of its various applications in aid of labor, security in possession is essential; and hence, in view of this, as also of the benefits of national economy, before alluded to, comes the importance to the laborer of preserving the integrity and purity of our governments, state and national, and especially of the judiciary, in which the protecting power chiefly resides.

6th. That an improved, that is, a more intelligent, economy in the application of the products of industry

to the immediate uses of life, and an honest purpose on the part of artisans and manufacturers to use up materials in a manner most beneficial to the world, would also tend to relieve the laborers of a portion of the toil now required to support the world, and leave them more time for self-culture.

7th. That for relief from excessive bodily toil we must look mainly to progress in knowledge and morality — increased intelligence giving better direction and more efficiency to effort, with greater ability to substitute mechanical appliances for manual strength, and also wisely to economize the products of labor; while the elevation and enlightenment of the moral sentiments will forbid their prodigal appropriation to gratify an inordinate selfishness, vulgar vanity, or ignoble pride, and at the same time materially lessen the cost of distribution and of protection.

HOW TO RESUME SPECIE PAYMENTS.[1]

PEACE DALE, R. I., *Nov.* 25, 1865.

MY DEAR SIR: In compliance with your request, I have carefully read the letter addressed by Mr. John D. Van Buren to the Secretary of the Treasury. You observed that Mr. Van Buren's reputation and financial experience entitled his views to respectful consideration.

These may also serve to give them weight and popular currency, and I notice that they already have influential advocates.

Many of his positions seem to me untenable, and though there may be no reason to apprehend that they will mislead Mr. McCulloch, still the infusing of wrong notions upon this subject into the public mind may embarrass the efforts he is making for a gradual return to specie payments. The propagation of opinions which induce the hope and the expectation that this result can be reached without first contracting the currency, seems to me eminently calculated to produce this effect. The current popular ideas influence the action of Congress, and Mr. McCulloch and his predecessors, though in the end generally obtaining what they desired, have no doubt been sometimes embarrassed by the want of timely legislation. I send you

[1] From Hunt's *Merchants' Magazine*, April, 1866.

with this some of the results of my examination, and remain Yours, very truly,

R. G. HAZARD.

JOHN J. CISCO, ESQ.

Under the heading "How to resume Specie Payments without Contraction," Mr. Van Buren says: "My proposition is, instead of taking in our irredeemable paper, to leave it all out, but to make it redeemable; to bring up our money to a specie value without lessening its abundance, instead of squeezing it down to the specie standard by making money scarce."

He subsequently says that legal-tender notes rising to a par with gold is the same as gold falling to a par with legal tender, and, as he proposes that legal tender shall continue to be the medium actually used, the latter expression ("gold falling") is most in harmony with his plan.

The scheme, in its inception, is evidently based on the belief that the quantity of money in circulation may be increased without diminishing the purchasing power of a given amount of it.

Now if $400,000,000 is sufficient to make all our exchanges, and $600,000,000 of paper, or even of gold, is supplied for the purpose, other things remaining the same, there would be $200,000,000 for which there would be no possible use; that amount would be steadily thrown back into the hands of those who owned or issued it; it would remain idle, and the circulation would *in fact* be only $400,000,000. But the whole $600,000,000 would competitively seek use, and prices would rise; speculative purchases would at first make additional use for money, by increasing the number of exchanges of the same articles, but eventually

the prices must settle at just fifty per cent. advance. In other words, the exchangeable value or purchasing power of the $600,000,000, or of any larger amount, will really be no more than that of the $400,000,000 before the increase. If this view is correct, and there are various modes in which it may be confirmed, Mr. Van Buren's proposition is self-contradictory, and the end proposed impossible in the nature of things.

But, even if this theoretical view is not deemed conclusive, the means by which he proposes to bring the price of gold to that of legal tender are in direct opposition to all experience. His plan is for the government to hoard gold to the amount of $150,000,000, withdrawing that amount from the market before using any of it to redeem the paper money: to lessen the price he would diminish the supply. It may be suggested that he intends to raise paper to gold. I have already remarked that, in Mr. Van Buren's view, it is proper to speak of reducing the price of gold, rather than of advancing that of paper, but, for the moment, let us adopt the latter. To enable the government to retain the gold, Mr. Van Buren proposes that paper be issued at the market price to pay the gold interest. To bring the prices to an equality, then, he really proposes to diminish the supply of gold, which is already at the higher, and increase the supply of the paper, which is at the lower price.

Mr. Van Buren argues that as legal tender would answer for all the purposes of our internal trade, $150,000,000 in gold might be withdrawn without tending to advance its price, or to produce distress or disturbance. But gold with us is now a mere commodity, and a commodity for which, *in fact*, there is a use and a demand for the *whole supply* at about 150, payable

in legal tender. Lessen the supply, and competition would advance the price to what it would command for the more urgent of these uses. Rich men, whose bones were rattling with the chills, would pay large premium for it to import quinine, and the quantity might be so reduced that the Miss Flora McFlimseys, in extremity for "something to wear," would clutch the balance at any price to pay for Parisian dresses and gew-gaws.

It may be said that a portion of our gold is now employed in worse than useless speculation, as a mere implement for gambling on the stock exchange. But this hoarding of $150,000,000 would, no doubt, greatly aggravate the evil, and cause the demand for this purpose to be much increased. Before this amount was obtained, gold would probably sell at 300, and I think at a much higher rate.

Mr. Van Buren proposes that, when the gold is thus accumulated, the government should offer to redeem the legal tender at par, and thus make gold and paper equivalent. But he also proposes to reissue the paper redeemed; non-diminution of the paper is a distinct and prominent object of his scheme.

The accumulated gold must have been withdrawn from that in use or from the non-export of the product of our mines, or from import. Enhanced price is the only practicable means by which this withdrawal could be effected in either of these modes.

Suppose, first, that the gold has been hoarded from that in use. The government proceeds to pay it out at par, and gets $150,000,000 of paper, which it also reissues. The whole process then ends where it began; neither the quantity of gold nor of paper in circulation is changed, the prices will conform to these same

conditions, and gold will be at the same premium as before the hoarding was begun, though not at the higher rates which compelled the abstinence from its use, without which the hoarding would not have been possible.

Again, suppose that the hoarded gold came from the non-export of the home product, or from import. Here, too, high prices must have compelled abstinence in the use of those imports which otherwise would, in either case, have been had in place of the gold. The hoarded gold, we may now assume, is so much added to the national wealth by this enforced economy.

The government again pays out $150,000,000 of gold, thus saved, in exchange for the same amount of paper, and reissues the paper. In virtue of the accumulation, the government might for the *moment* maintain the proposed equality, and, if it proved to be permanent, it would conclusively demonstrate that the amount of circulation was previously not only not in excess, but that it was absolutely $150,000,000 short of the requirements of trade upon a specie basis. $150,000,000 has now been actually added — paper is at par with gold, and of course the prices of all other commodities conform to it. Property must generally rise in price, and, if gold falls, it only shows that it was before high because, as compared with other commodities, it was relatively scarce. By a forced economy in its use, its supply and its price have been brought to an equality with the other commodities, just as if flour was scarce and high in proportion to other breadstuffs, and government, by hoarding it, should compel abstinence from its use, for consumption or export, till the accumulated supply would suffice to equalize prices. But it is not for a currency which is too much

curtailed, but for one too much expanded, that a remedy is now sought and proffered, and neither the mere hoarding and re-diffusion of $150,000,000, nor the addition of that amount of gold to the currency, give any promise of salutary results.

By the last process, so long as the paper money is really in excess of the wants of trade, we should not even realize the reward properly due to the abstinence by which the gold was accumulated.

As Mr. Van Buren says, while we are using irredeemable paper a large share of our coin is constantly shipping away to foreign countries.

This is because, being thrown out of use, it becomes relatively cheaper here than in other countries. The same thing would occur with the wheat and iron on hand if, from any cause, we ceased to use those articles. This export of gold will occur whenever it becomes relatively cheap here as compared with merchandise.

When we are paying specie, if the paper is inflated, we get more than our share of circulating medium, and, the whole mass being alike depreciated, the gold portion is exported to where it is of more value.

This result would follow, in an aggravated form, if, with a surplus of paper which makes gold worth 150, it should at once be redeemed at par. As before stated, with the accumulation of $150,000,000, this might be temporarily effected, but the gold would disappear in the process.

To illustrate this: suppose we have double the circulation required, the price of commodities, gold included, would then, on the average, be doubled also. But all these are liable to fluctuation from speculation and other special and temporary causes. Suppose,

then, that while all others are at 200 — the point due to the amount of circulation — gold is by some means reduced to 150.

A yard of silk sent by a French merchant, which, with a specie basis, would be worth here $1, now sells for $2 paper, but with this the owner may obtain and take from us in gold $1⅓ instead of $1, which was the real value. If the relative depreciation of gold arose from our having more of it than our legal-tender basis required, the discrepancy would soon be thus corrected by the foreign demand, and gold would rise to 200; but, if the depreciation was artificial, gold would be exported till its price rose to 200, and, when the artificial causes ceased to affect it, it would rise to *over* 200. The same thing might occur in regard to wheat. These artificial aberrations are generally soon regulated by the action of the laws of trade. These views, however, indicate that, as gold is now especially needed to reform our finances, it would be unwise by any artifice to reduce its price below that due to the quantity of paper in circulation, but that it would be better, if *possible*, to keep it above that point.

Without attempting to determine what, with our present circulation, the normal price of gold would be, I will remark that the tenacity with which it clings to over 146, at a season of the year when large amounts of paper are required to move the crops, and when its price has been depressed by the substituted export of cotton at high prices; by the avowal of the policy of contraction, and the actual funding of $50,000,000 of legal tender or its equivalent; by a stringency in money, and by sales of gold from the surplus in the Treasury, indicates that under average circumstances it would be at over 150. A compari-

son of the amounts of currency and of the requirements of the country before and since the war, I think, would lead to the same conclusion.

Mr. Van Buren puts little stress on what seems to me a source of much difficulty — the addition of the bank-note circulation to the legal tender. At present there seems to be no sufficient inducement to check the issues of the national banks by returning the bills for redemption. The government and the banks receive them at all times and places on the same terms as they do the legal tender in which they are redeemable.

Mr. Van Buren deems this unimpeded circulation of our currency favorable to his plan. It seems to me directly the reverse. Little as he apprehends from the quantity of paper, he would hardly maintain that its diminution would not facilitate the return to a specie basis, by his own or any other plan. If any portion of the notes were at all times in transit for redemption, the amount would to this extent be practically lessened; and if they would not suffice for all purposes at all places, their circulation would be so far retarded, *i. e.*, they would not suffice for so many exchanges in the same time, which would be equivalent to a diminution of their quantity.

If the depreciation of the currency arose from the want of national credit, the exhibition of large means of payment in the hands of the government might have some effect, but even then the expediency of increasing paper issues to accumulate gold would be very doubtful, if not absolutely absurd.

During the war there was, no doubt, apprehension that the legal tender might be *increased* so as to produce much greater depreciation, and hence gold panics.

That there was, even then, no serious or general distrust of the ability of the government, is shown by the fact that the price of real estate, which would have been most enhanced by such distrust, remained almost stationary, and now there is very little if any ground for believing that the value of our currency is depreciated by any doubt of the national credit. Mr. Van Buren says it is obvious that when we have reached the end of the process prices of all kinds of property will fall in the ratio of 146 to 100. As the quantity of paper money is not to be diminished, I do not see that there would be any tendency to such a result. His object seems to be to get back to a specie basis without producing a monetary panic, which he thinks will be the inevitable consequence of contracting the currency. I have no hope that the end can be reached by any other mode without unwarrantable delay; nor do I believe that a panic is a necessary consequence of contraction. One opportunity has already occurred during this year, when about one half the work of resumption could have been accomplished without any monetary pressure. About the time of the surrender of the Confederate forces there was a general belief that, with the close of the war, ordinary prices would again obtain. Singularly enough there was a prevailing idea, even with intelligent merchants and bankers, that the diminution of government expenditures would reduce the price of gold, and of merchandise generally. The tendency is obviously the reverse, making less use for the currency, and throwing that portion of it heretofore required for the operation of the government into the channel of trade, thus increasing the redundancy and inflating prices. Under the influence, however, of these erroneous views, everybody

hastened to sell, and prices of gold and merchandise fell nearly one half. Gold fell from 200 to 128; at these prices, of course, money soon became greatly in excess. The effect of this excess was retarded by the payment of very large amounts to the army, and money paid in that way circulates slowly. The excess, however, was soon felt in trade, and might then have been retired without producing any monetary panic, or even stringency. Gold would have remained at about 128, leaving only the 28 per cent. to be overcome preparatory to a resumption of specie payment. The opportunity was not availed of, and the surplus money soon caused a reaction in prices, which, while gold has only gone to about 146, have generally reached as high a point as when it was over 200, and a money pressure has been the consequence.

No blame, or even want of vigilance, is to be imputed to the Secretary for not availing of the opportunity to arrest the price of gold at 128. In the opinion of many very judicious business men the fall was too rapid, involving the debtor interest too suddenly in great losses. Besides, he was embarrassed by the existence of the law requiring the issue of $300,000,000 of National Bank currency, and the non-existence of any law for the funding of that portion of the legal tender which bore no interest. The thing may yet be accomplished, though the difficulties are increased, and are still increasing by delay.

Whenever any reliable plan for contracting the currency is decided upon and made public, prices will again decline in anticipation, and the surplus thus released from the wants of trade may be withdrawn without making money scarce. Merchants having just made the mistake of depressing prices, when the

result showed that they were needlessly alarmed, will probably be less prompt in taking the same step even when there is good ground for it, and, so far as they strive to hold goods when the currency is being diminished, will make money scarce. This is an accidental circumstance, and not a necessity of the case.

The more serious difficulty is that of the disturbance of the relation between debtor and creditor, and for this Mr. Van Buren suggests no remedy. He states that with the general decline in the prices of property "the owner will get for it just as much, and what will buy him just as much of other things as he can get now." The important fact that it will not buy as much of his own notes, or pay as much of his indebtedness, is wholly ignored. The indebtedness of merchants is now very small, but there is reason to apprehend that the old system of extended crédits is being inaugurated. The present scarcity of money tends to induce it, and the difficulty which arises from the injury to the debtor interest may soon be vastly augmented. In another way, too, an enlargement of credits would be an obstacle. The individual credits would perform the functions of money in the exchanges of property, and so far be equivalent to a further inflation of currency. These and the further consideration that, recovering from the exhaustion of war, the quantity of merchandise in the country to be affected by the change will probably increase, indicate that the measures requisite to resumption ought not to be delayed.

Justice to a large class dependent on fixed incomes also demands the speedy return to the specie basis, which on many other accounts is most expedient. The inevitable fluctuation of prices under the paper

system induces a spirit of speculation and fosters an extravagance which are inimical both to production and to the saving of that production which constitutes national wealth. Labor does not proceed with that regularity which is essential to its economical application, but by fits and starts — sometimes with fearful hesitancy, and sometimes with a haste which makes waste. It is now discovered that the indisposition of capitalists to invest in permanent fixtures at the inflated prices has caused a deficiency of stores and of dwelling-houses for the convenient accommodation of the business of our large cities, and of those who transact it. Buildings are erecting at cost greatly enhanced by the urgency for their immediate use.

A man buying cotton at the South cannot take the risk of a change in the currency during the long voyage of a sailing-vessel, and hence the more expensive transportation by steamer or railroad is resorted to, and at one time large quantities were sent even by express from St. Louis to New York.

We need to get back to that system under which men, now engaged in worse than useless speculation, will return to productive pursuits and pursue them with a steady industry and economy.

The $300,000,000 of National Bank currency looms up as a formidable barrier in our path to resumption, and it is even apprehended that a further issue of it will be authorized at the approaching session of Congress. I deem it exceedingly desirable that this should not be done, but if the $300,000,000 now authorized is already appropriated exclusively to a portion of the States, the justice, and even expediency, of furnishing the others with their share will be an urgent reason for increasing the amount.

On reflection, however, I do not apprehend that, even if such measures should be resorted to, it will present an insurmountable or even very serious difficulty. I might state the reasons for this opinion, but have already written much more than I intended.

Since the foregoing was written, Mr. Van Buren has, in another letter, somewhat modified his plan, but without relieving it of its main objections. He now proposes that $50,000,000 of gold should be collected in each of the next nine years, and holds that by the second or, at furthest, the third year, this would insure the rise of the $450,000,000 of paper to a par with gold.

His whole argument still ignores the fact that the purchasing power of the whole volume of currency cannot be increased by increasing its quantity; that if you double or tenfold it, double or tenfold the amount will be required to pay for the same quantity of labor or property. With the recognition of this his whole fabric crumbles, and there are few new points suggested in his second communication requiring attention.

He *assumes* that this scheme is feasible, and then urges the advantages of it. For instance, in regard to contracting, he asks, "Would it not be safer to first bring the legal-tender notes up to par with gold, and then begin to contract," etc. It undoubtedly would be safer for a person to learn to swim before he ventures into the water, and this to me seems quite as practicable as what Mr. Van Buren proposes to do.

But, even if practicable, why is it better for the government to wait till the notes will cost par rather than buy them now at one third less? He also says, "As the government has diseased the circulation by

infusing into it irredeemable paper, so it will in this way provide the natural remedy by gradually reinfusing gold."

If one has overloaded his stomach with too much bran bread, it by no means follows that eating a quantity of nutritious meat will relieve him. This analogy reaches further than would, perhaps, at first be supposed, for were it possible in such cases to keep the meat on the stomach, and the gold in circulation, there would in either case be an aggravation of the evil, in a still further inflation of what was already too much inflated.

The more natural way would seem to be to withdraw the excess of infused paper which constitutes the disease, and this is the only feasible mode; for if the government, with $450,000,000 of legal-tender notes in circulation, when $300,000,000 is all that is needed at gold prices, should *forever* gradually pour gold into the mass, the gold would *forever* disappear, and still leave the $450,000,000 at a depreciation of one third from its face. One might as well pour water into a sieve full of buck-shot with the expectation of floating or of infusing the liquid into the mass.

Mr. Van Buren approves the suggestion of Mr. E. Littell, that the government substitute legal-tender notes for the $300,000,000 of national bank notes. He says, "This would leave us plain sailing. We should have $750,000,000 of legal-tender notes but no bank-notes. This large quantity of legal-tender notes, being one homogeneous currency, could be brought up to a current value equal to gold, at least as soon under the process which I suggest, and with quite as small an accumulation of gold as we can bring up the

$450,000,000 of legal-tenders, encumbered with the $300,000,000 of bank-notes."

It may be true that on Mr. Van Buren's plan the $750,000,000 might be brought up as readily as only $450,000,000, and it is surprising that this unlimited application of it did not arouse his suspicion as to its efficiency for either, or, at least, suggest a doubt as to whether an untouched glittering heap of $150,000,000 of gold would really exert the talismanic power he imputes to it.

I will not stop to point out the disastrous consequences which would attend the proposed addition of $300,000,000 of legal tenders, even though the bank-notes should be reduced by the same amount. With what I have already said, and am about to say upon another point, I trust this will be sufficiently obvious.

Mr. Van Buren says, "Suppose we fund one half the legal-tender notes. What have we gained? . . . We have not converted the other half into redeemable paper." It by no means follows that we have not, or, at least, that we have not made it *convertible* into gold at par, and it seems somewhat remarkable that Mr. Van Buren holds that merely tantalizing the holders of the superabundant notes with $150,000,000 of gold, which they cannot touch, should have more effect than actually paying them $225,000,000 in exchange for them.

A certain amount of legal-tender notes would, for our internal trade, advantageously take the place of gold. For some purposes they would be better than gold, and if the amount was not greater than that required for these purposes, they would command par in gold, whether the government redeemed them in coin or not. This was practically proved in the case

of the legal-tender notes that were received in lieu of gold for duties, which, when the amount was reduced to what was immediately wanted for customs, though not *redeemable* in coin, commanded a premium in gold, and so were *convertible* into it with advantage in favor of the paper. The legal-tender notes would compete with the bank issues for the general circulation, and if, for all purposes, $225,000,000 is not more than sufficient when the business of the country is on a gold basis, a gold basis would be practically reached, and no mere authoritative dictum could then prevent it any more than it can now produce it without such contraction.

But Mr. Van Buren, and the advocates of his plan, and indeed many others, will probably ask how this result can be reached with the $300,000,000 of national bank notes still in being? The reply to this is, that with the basis of these, *i. e.*, the legal-tender notes in which the banks are obliged to redeem them, reduced to a gold standard they will have no more effect than a surplus of notes of the old banks redeemable in specie had. Suppose, for instance, in 1859, the whole bank circulation being then $200,000,000, the banks had printed and signed new bills to the amount of $300,000,000 more. With the business of the country on a specie basis, and already fully supplied, there would be no use for the added notes, and, if forced out, they would be immediately returned upon the issuers for redemption in gold. And so with a return to specie basis, the basis of the bank-notes being legal tenders actually convertible into gold, all of the $300,000,000 of bank-notes not wanted in place of gold, and at the price of gold, will return and lie quietly in the vaults of the banks.

This would induce a voluntary return of a portion of them to the government, and probably of more than enough to supply the sections now deficient. The government then, by fair competition with the national banks for the supply of the currency, may, without any violation of good faith to them, secure a portion of the profits of the circulation, all of which they might, perhaps, originally have rightfully claimed.

In regard to artificially reducing the price of gold, Mr. Van Buren, in his second letter, takes the view which I have already suggested in my remarks upon his first, and uses a similar illustration.

He says, "If the Treasury had a reservoir of wheat at Jersey City, out of which it spasmodically flooded the wheat market, wheat would become artificially low, and would be the cheapest remittance abroad." Now, his whole scheme really is, by artificial means, to enable buyers of gold to obtain it in exchange for paper at about two thirds its normal value, which, of course, would send the gold abroad quite as certainly as a similar process would the wheat.

I fully agree with Mr. Van Buren that the return to a specie basis (or very near it) should be consummated before the large amount of seven-thirty bonds mature. He gives a "summary of advantages claimed for his method." They are sixteen in number; some of them have already been commented upon, and I can notice very few of the others. If his system is, in fact, impracticable, the hypothetical results which might follow, if it were not so, are of little consequence. He claims, "third, it is both gradual and steady." It is much to be feared that when the Treasury, with an accumulation of $150,000,000 of gold, gave notice of its readiness to pay $450,000,000

of paper, it would not find the process either *gradual* or *steady*.

In the eighth he says of the legal-tender notes: "The government cannot now pay them all at once. But the withdrawal of less than one half of them (with a proper system of redemption for the national banks) would probably suffice to bring the remainder to gold value, and, even if it required an absolute payment, a real lessening of the public debt to this amount by contribution from labor and capital for that object, it is evident that having during the war paid $1,000,000,000 per annum from our spare earnings, we could, with peace, contribute $225,000,000 in one year, or even in less time, without material inconvenience. The $1,000,000,000 per annum for the war actually consumed, used up, that amount of our accumulated and current products of labor."

But, as it proposed only to give bonds for the surplus currency, the process would no more be a present drain on the resources of the nation than the payment by a merchant of one note by giving another would be upon his bank deposits. It would simply change the form of the government's indebtedness from currency to bonds, relieving the people of the superfluous portion of the former, which is *worse* than useless to them, and giving them government securities in another form for it. Surely there can be no inability to do this now. The government would annually collect the amount of the interest of the people and pay it back to them. This fact is sometimes fallaciously urged to show that a national debt is really no burden to the people. When the whole amount is due to the citizens, there is a phase of truth to this view, which makes a partial statement of it all the more mis-

chievous. But even then the cost of collecting and of redistributing the accruing interest, as it becomes due, is a serious loss to the aggregate community. In our case, the whole actual cost of the war was a loss incurred and consummated in the annihilation of just so much of the national wealth as was expended. This is irretrievably gone, and equally so whether the cost was defrayed by direct taxation on the product of labor and the accumulated capital of the country, or by hiring a portion of this product and capital for a term of years. Fortunately, we had at the beginning of the war just made very large provision in the form of railroads,[1] and other machinery and appliances to facilitate production, and thus aided, we in fact paid the whole expenses of the war as they accrued from the *spare* product of our labor. A very small portion of our bonds (probably not over five per cent. of the whole cost of the war) went abroad; but as we, at the same time, reduced our previous foreign indebtedness by a larger amount, we may assume that our war expenses were thus paid from our current spare earnings.

It is obvious, then, that if the amount had been raised by a tax properly distributed, so that each individual of the community paid his proper share, the present condition, or balance of each man's property, would be, in fact, just the same as it now is, when, instead of raising the money by taxation, it has been hired and bonds given in return for it. Take, for instance, the case of a man who has, in this latter way, furnished just his share, say one per cent. of the whole amount. He has received government bonds

[1] These went far to neutralize the loss of the Mississippi River as an outlet for our Western products.

for this one per cent., but he also owes to his fellow-citizens the same proportion, or one per cent. on the same amount, and his bonds exactly balance this portion of the debt which he owes. It is evident that he is neither richer nor poorer than he would have been if the war funds had been raised by taxation instead of the sale of bonds. If this man had furnished less than his share, or say nothing at all, then he will still owe one per cent. of the national debt to balance it. He has put his earnings into other property, and owes the one per cent. to be deducted from his assets, which again is the same as though he had been taxed the one per cent., and now held just so much less property free from this lien of the one per cent. So, too, if he had contributed two per cent. instead of one, he would then still owe only one per cent. of the debt, and hold double that amount of bonds which is still the same as if he had been taxed and paid the one per cent. and retained the other one per cent. in some other property free of the lien of the public debt. When the money loaned to the government has been thus unequally supplied, great injustice would, of course, be done by cancelling the debt; but if it had been furnished by each individual in proportion to his liability to taxation to pay it, there would be an aggregate gain to the whole bondholders by a surrender of all the bonds and the extinguishment of the debt. The cost of collecting and disbursing the interest would be saved to them by the surrender. Thereafter the annual tax of each would be lessened by just the amount of the yearly interests he before received, and by the *additional amount* of the cost of collecting and paying this interest. And, if there is this gain by giving up the bonds, it is ob-

vious that it would have been more economical never to have given them, and that it is only when the accumulated capital and the current earnings of a nation are insufficient to meet the public exigencies, and aid must be obtained from foreign capital and labor, that a resort to loans is a *necessity*. In our own case it is evident that the whole war expenses, having been in fact met by our own capital and labor, could have been provided for by direct taxation, and with many advantages in favor of this mode, though it must be admitted that the proper distribution of the burden, and especially when, with no organized system of taxation, our experience and even our theoretical knowledge of the whole subject was so very limited, presented very serious practical difficulties. It is, however, still very doubtful whether, even in the matter of the proper distribution of the burden, we shall gain anything by the delay. A loan has, at the moment, the advantage of being voluntary, and it may sometimes be advisable to delay the compulsory taxation which must eventually be relied upon. It also has this further advantage, that the money will be provided by those to whom capital is of least value, and so, perhaps, interfere less with production. An active producer may need not only all his actual capital, but all his credit, so that he could not even hire the amount of his tax without crippling his productive energies. By a loan, the government assumes the hiring, and becomes a mutual insurance company, guaranteeing to those who furnish more than their share of the money, eventual payment from those who furnish less. If, instead of loans, taxation had been resorted to, it is probable that the portion assessed upon capital then in hand would have been greater in

proportion to that assessed upon the products and profits of labor, than under the system which has been adopted. I will not now further inquire which mode is the more expedient or the more just; my present object being merely to call attention to another consequence to which this distribution of the government bonds to its creditors has made us liable. First, however, to illustrate these views on a smaller scale, suppose a mercantile association of a number of partners, each of whose interests in the profits and losses of the firm is in the same proportion as his liability for the debts. By the burning of their warehouses they meet with a heavy loss, exhausting their capital, and destroying their credit; but the individual partners furnish from their private means, each in proportion to his interest, the funds required to continue the business, and each of them takes the notes of the firm, payable, in some years, with annual interest, for the amounts. Now, it is evident that if they all surrendered their notes, or if they had contributed the funds without taking any notes at all, no one of them would be either richer or poorer than he is with the notes all held against the firm; and that if they have to pay the expense of an extra clerk to keep the account of those notes, and to collect and pay the interest on them, it would be a saving to them all to surrender the notes, and let matters stand as they would have stood if the money paid in had been a mere assessment, and no notes given for it. They, however, hold the notes, and so long as they were not available for raising money, these partners must conform their expenses to their other means; but when the crisis is passed, and the credit of the house is restored, they may use these evidences of debt to increase their in-

dividual current expenses, and selling them to outside buyers, use up the proceeds, leaving no means for payment at maturity, and the whole concern be thus impoverished by each member of it having left out of the account the fact that he was liable for the payment of a portion of the notes, on the proceeds of the transfer of which to other parties they were all living. Their loss was not in the giving of the notes, but in the destruction of their property by the fire. The giving of the notes neither directly increased nor diminished this loss, but, as we have shown, they still became a ready means of involving the firm.

So, too, our loss was consummated in the expenses of the war, and our giving notes to our citizens for their contributions to meet that loss, neither increased nor lessened the loss; but there is reason to apprehend that these notes are now producing national results analogous to those produced by a like cause in the mercantile firm. From what has been now said, it is obvious that the popular belief that hiring the money, or giving notes or bonds for it, even when it is all received of our citizens, is putting the burden of the debt upon future generations is a fallacy. In such case, with the debt due to the government, we also bequeath to posterity the same amount due from the government to balance it; which is the same thing as though a rich man should charge his heir with the payment of a mortgage on his estate, and at the same time give him the bond of the holder of the mortgage for the same amount. So, too, the mere giving of notes in settlement among ourselves will not of itself increase or diminish the inheritance of our successors. The notes given by the government will just balance the amount of the debt which the holders

of the notes are bound to pay: the final result being that the sum expended in the war having been lost, we shall leave to posterity so much less accumulated wealth than we should have done if the same results in all other respects had been reached without this expenditure.

But if the government now gives for this expenditure, notes which enable and induce the holders to squander the amount and to transfer them to foreign holders, we thereby make another loss of national wealth and leave our property, already diminished by the war expenses, to our successors burdened with the national debt thus transferred and held abroad.

This additional burden of a foreign debt is not a direct or a necessary effect of the loss by the war, but of that extravagance which the issuing of the public credit to a large amount made possible. The effects are also distinct. The war expenses diminish our legacy; our extravagance burdens that diminished legacy with a heavy charge.

By the transfer of the debt to foreigners to pay our current expenses, the estate of this generation will pass to the next charged with the debt to the government, and the government will then have to pay to foreigners instead of paying to its own citizens. The estate is still charged with debt, but there is no bond of the creditor to balance it.

It is to be apprehended that the existence of the government bonds, making a ready and convenient mode of paying for enhanced expenses in living, now occasions the squandering of at least a portion of our earnings which would otherwise be added to our accumulated wealth; and to this point I would especially invite public attention. If the government bonds are

used to pay our foreign balances, gold is thereby thrown out of use, and this may account for the fact that it is below 150, while other articles, the uses of which are not diminished, average nearly 200. If everybody made bread of Indian corn at $1.00 per bushel, wheat might fall from its relative price of $2.00 to $1.50, and the supply of corn being sufficient, so remain for a long time. The supply of our bonds is sufficient to pay our foreign balances for a long time, even though our imports should be excessive.

During the war, foreigners would take only a very small amount of our bonds. At about 75 @ 80 the Germans deemed them an object of purchase, but when they fell to 35 @ 40 they thought the sacrifice greater than we could possibly afford, and that, with the immense expenditure to be provided for at this rate, national bankruptcy was inevitable. They reasoned as any prudent banker would do in regard to notes freely offered in open market in any quantity at 35 @ 40 cents on the dollar, and payable in gold at maturity. In England and France, other causes also tended to exclude them.

Our bonds then were not available abroad, and individual credit was also there at a low ebb, with a very general unwillingness on the part of those having any to use it. We were then compelled to restrict our consumption of foreign merchandise to what our current spare labor would pay. The case is now altered. These bonds have now become available abroad, and, though still at a price much below par, are being used to pay for our imports.

The danger now is that those holding them, forgetting the corresponding debt which they owe, will deem

themselves able to increase their style of living in proportion to their means in hand, and thus the amount now due among ourselves become a foreign indebtedness and an annual tax upon our productive energies to the amount of the interest upon it and eventually of the principal also; and hence our danger of being impoverished is perhaps greater now than at any period during the war. One to whom nobody will give credit is in little danger of involving himself in debt.

It seems now exceedingly probable that our national consumption requires a large transfer of our bonds to pay foreign producers. Our imports are large compared with the exports of our products, and yet gold and exchange are low compared with the prices of other things.

The existence of the national debt, then, in a form available for foreign payments, may thus become the ready and seductive means of our impoverishment. If we must, or rather will sell these bonds abroad, it is still desirable to get as much as possible in return for them; for though a large part of the price may be received in that which is of little or no intrinsic value, which merely panders to a false taste or ignoble pride, some portion may directly or indirectly add to our substantial wealth.

Our experience so far indicates that the market value of our national securities, including gold-bearing bonds, varies with that of our currency, and that as the latter rises and approximates to par in gold, the former approaches the same standard. Hence, with the appreciation of our currency we obtain more for the bonds sold. The reasons for this, I think, are complex, but it is sufficient for my present purpose to note that the foreign credit of the government is an

important element. This is shown by the fact that the State of Massachusetts, which, acting with the enlarged practical wisdom and business ability characteristic of her superior intelligence, has never failed most punctiliously to fulfil her engagements to her creditors, has effected a foreign loan at the price of 97 in gold for bonds bearing only 5 per cent. interest, while our government bonds bearing 6 per cent. (also in gold) will command in the same market only 65 (equal to about 70 in American gold). And yet our *ability* is not now doubted at home or abroad. The bugbear of war with England or France no longer alarms capitalists. No one now seriously questions that our material resources are abundant; but there is still some apprehension engendered by the artifices of selfish, unprincipled politicians seeking to gain a few venal votes to their faction, or to annoy the dominant party by agitating the question of repudiation. Thus far, however, the popular sentiment is most firmly and decidedly in favor of an honest fulfilment of all our obligations, and taxation for the purpose is most cheerfully submitted to.

Another ground for this apprehension is the possibility that the late rebel States will be permitted to again exert a political influence, which, with the feelings still manifested, they may insidiously use to destroy the national credit, and thus subvert the power in openly assailing which they encountered such disastrous and mortifying defeat. It is quite possible that treason may next assert itself in this way, and, with the mean and unworthy spirit of an assassin, by this subtle poison seek to destroy the power it no longer dares to meet in open conflict. The danger of any successful attempt of this kind is, perhaps,

already past. Independently of the direct interest in the public debt, which, through the amounts of it held by the banks and savings institutions, pervades the whole community, it has become obvious that no nation can afford to repudiate. To do so, is to put itself in the power of any other nation that is strong in its credit, however weak in all other respects. It is doubtful whether any nation of even very moderate intelligence ever did repudiate except as sheer necessity, and with us there can be no such necessity. We cannot afford even to seriously discuss or harbor such a thought. The possibility of our committing such folly should be at once scouted as an insult to our intelligence, and an absurd negation of our admitted shrewdness, and still more as an imputation upon our honor. Nothing is more sensitive than credit. The breath of suspicion too slight to tinge a youthful maiden's cheek will suffice to crimson it in confusion. This is especially the case with the credit of sovereign states, whose debts are of necessity debts of honor — having no superior power to compel them to comply with their contracts. I repeat that all propositions involving or tending to bad faith, whether by denial or neglect of payment of what is due, or by payment in depreciated value (coin or paper), or by special taxation of debt, or otherwise, should at once be scouted, the mere entertaining of them being a stain upon our national honor, and destructive of our ability to contend with foreign foes, or to preserve our institutions and maintain domestic order and tranquillity. It were better for us that all our forts and magazines, with all our munitions of war, should be blown up, and every ship in our navy sunk, than that we should trifle with and impair our national credit. With the elastic ener-

gies of our people unrepressed, and their patriotic pride and spirit unbroken and undebased, we would soon repair such material damage, while centuries might not suffice to restore to us the untarnished honor which demagogues and traitors would so ruthlessly and foully desecrate.

RECONSTRUCTION; FREEDMEN'S BUREAU.

To the Editor of the Providence Press.

[extract.]

The peace proclamation seems to have been intended to embarrass Congress in the exercise of its authority as the agent of the victors. One would have thought that the President, being in his position by the foul deed of an assassin, and not by the will or intention of the people, would have been modest in putting himself in direct opposition to their chosen representatives.

But his egotism and assumption are astonishing. He seems to regard himself as the whole Republican party, the whole government, and the whole nation. What is his last message but an insulting rebuke to Congress for not having consulted his wishes in regard to the conduct of its own affairs? We trust that this incipient attempt to substitute the *Will of the Potentate* for the *Will of the People*, will be promptly resisted and rebuked by the country.

That he was so vanquished in argument by the representatives of a race whom he affected to look down upon with commiseration is cause of mortification to the country, if not to himself, and should at least have taught him the virtue of humility. His speeches have

disgraced the office he holds, and brought contempt upon our country. Few people, in the reading, escape the conviction that he must have been drunk when he uttered them; and this, with other circumstances, have led to a very general suspicion that he is in this degraded condition a large portion of the time. A suspicion so general, and of so grave importance, should be investigated, that if not well founded, the President and the country may be relieved from the disgrace which attaches to such scandal; and if proved to be true, he should immediately resign his position, or Congress should perform its duty, and impeach him before it adjourns.[1]

At no time, but more especially in such a crisis as this, should the destinies of this nation be permitted to remain in the hands of a drunken man. That the wisdom of our selected representatives should be set at naught, and their measures made abortive by being put into such hands to execute, is at once a folly and an abuse to which the people never ought to, and I trust never will submit. If there is now no precedent for such impeachment, the occasion for it should not be allowed to pass without making one. It is too important a measure to be obstructed by our personal considerations for any individual, however high his position, or even if in all other respects meriting our respect and regard. No prudent man in his private

[1] As drunkenness is an incapacity rather than a misdemeanor, the remedy would not strictly be by impeachment, but the same as would be resorted to in case a President should become insane or idiotic. The representatives of the people in Congress are, however, still the proper persons to institute such proceedings. It will be observed that I do not say that the occasion for them certainly exists, but only that the circumstances and very general belief are ground for an inquiry which justice to the President as well as to the country demands.

affairs would trust any important business to one habitually addicted to this vice. England would not now endure another George IV. Have we fallen behind her in national pride, spirit, intelligence, and morality?

The whole people should demand that their great interests, for which they have just made enormous sacrifices, should not be thus imperilled, the cause for which they have so lavished their blood and treasure abandoned, and their victory converted into defeat after the battle had been fairly won.

While I am thus freely exercising the right of a private citizen to scold about our public affairs, I will (being too much discouraged with our financial condition to make it the subject of a separate effort) avail myself of this occasion to say that I look upon the action of Congress, in virtually enacting that all the industry of this country shall be subjected to the evil business and moral influences of a fluttering currency, sometimes varying nearly fifteen per cent. in a single day, as most unwise and discreditable. Such legislation belongs to a past age. To preserve at least the virtue of consistency, they should now enact that the length of the yard-stick, and the quantity of iron in a pound-weight, might be varied, as the bulls or bears in the dry-goods and provision markets had the ascendency. My mood would lead me to say something about other measures, but I have perhaps already found too much fault with a Congress, whose action in the main, and especially in the matter of the "Freedmen's Bureau," the report of the reconstruction committee, and the firm and dignified resistance to executive encroachment and interference, has afforded me most lively satisfaction.

ROWLAND G. HAZARD.

June, 1866.

THE UNION PACIFIC RAILROAD COMPANY.

NEW YORK, Office No. 20 Nassau Street,
May 15, 1867.

THE Union Pacific Railroad Company, in now offering their First Mortgage bonds, present the following statement of the condition and prospects of their road, in the confident belief that a full examination and comparison will show that these bonds, as a secure and profitable investment, are equal to any now before the public.

This company was duly organized under the several Acts of Congress, approved by Abraham Lincoln, President of the United States, July 1 and July 12, 1862, and July 2, 1864, the conditions of which have all been complied with by the company. The capital authorized by the charter is one hundred million dollars, of which it is estimated that not exceeding twenty-five millions will be required, and of which five millions have already been paid. The Union Pacific Railroad is a Central Railroad, connecting the Atlantic and Pacific oceans on a direct line.

The line from Omaha to the base of the Rocky Mountains is 517 miles. Of mountain region 150 miles, thence to the California State Line 927 miles. This last portion may be lessened by the Central Pacific Company meeting our road at a point farther east than the California State Line.

The Consulting Engineer, Colonel S. Seymour, after a careful examination of the whole subject, reports that the grades upon the road, so far as it has been located definitely, are much more favorable than its most sanguine friends anticipated. He says:

"From Omaha to the eastern base of the Rocky Mountains the maximum grade will not exceed 30 feet per mile. From that point to the summit or divide of the continent, at Bridger's Pass, it will not exceed 80 feet to the mile. From Bridger's Pass to the eastern boundary of California the preliminary surveys show no necessity for grades exceeding 116 feet per mile, in distances of a few miles each, and it is believed that a final location will be made with a much less maximum."

By section 2 of the first Act above referred to, it will be seen that Congress granted the right of way and the privilege of taking materials from the public lands for the construction of the road and of the telegraph line; also, in alternate sections, on each side of the road, twelve thousand eight hundred acres of land per mile. And in further aid of the construction of the road and telegraph line, a loan of thirty-year six per cent. United States bonds to the amount of sixteen thousand dollars per mile, upon the portion of the road between Omaha and the Rocky Mountains (517 miles), and treble this amount of bonds for the next 150 miles, or Rocky Mountain section, and double the same amount for the balance of the line.

The United States government issues these bonds to the Union Pacific Railroad Company, and pays the interest upon them for the thirty years which they have to run, out of the United States Treasury, only requiring that the company "shall at all times transmit

despatches over said telegraph line, and transport mails, troops, and munitions of war, supplies, and public stores upon said railroad for the government whenever required to do so by any department thereof; and that the government shall at all times have the preference in the use of the same for all the purposes aforesaid (at fair and reasonable rates of compensation, not to exceed the amount paid by private parties for the same kind of service), one half of said compensation to be applied to the payment of said bonds and interest." (See section 6 of original act and section 5 of the amendment of July 2, 1864.)

By section 10 of the amendment of July 2, 1864, "the Union Pacific Railroad Company is also authorized to issue its own First Mortgage bonds upon its railroad, rolling-stock, equipment, and telegraph lines to an amount not exceeding the amount of the bonds of the United States." And to these First Mortgage bonds so issued "the lien of the United States bonds shall be subordinate."

It has already become evident that the government will be largely compensated for the loan of their bonds and the payment of the interest thereon by the diminished cost and increased rapidity of their transportation, and the facilities of telegraphic communication.

The resources of the company, then, for building the road the first five hundred and seventeen miles to the base of the mountains are:

From stock	$10,000,000
U. S. bonds	8,272,000
Company's First Mortgage bonds	8,272,000
	$26,544,000

with 6,617,600 acres of land not included in above;

and for the mountain section and road west of that an equal amount per mile, with the additional amounts of government bonds per mile as before stated.

The cost of the road so far, over and above the amounts derived from the sale of United States bonds received, and by loans upon the First Mortgage bonds, has been defrayed by money furnished by the stockholders, five millions of the above ten millions of stock subscriptions having been paid.

During the working season of 1866, the company completed 305 miles, all in the most thorough and substantial manner, with machine-shops, station-houses, rolling stock, and telegraph lines all included, at a cost of $50,000 per mile. Such rapidity of execution, it is believed, has never been equalled in any other work of the kind.

Every preparation has been made by the company for the prosecution of the work with even increased vigor during the present season. All necessary materials have been provided to complete the road to the base of the Rocky Mountains; and a very large quantity of them are now on the spot ready for use. Track-laying has been commenced, and is already progressing at the rate of two miles per day, giving assurance that the contractors will fulfil their agreement to complete the work to the foot of the Rocky Mountains by the 1st of September next.

Arrangements are also made for the grading in advance of the heavier portions of the work in the Rocky Mountain section, so that the track-laying may then proceed nearly or quite as expeditiously as on the more level portions of the line.

As the Central Pacific Railroad Company, at the California end, are prosecuting the work with great

vigor and success, it is confidently expected that the whole line will be completed in 1870.

We will not venture upon any estimate of the amount of traffic which will press upon the entire line when completed to the Pacific. Our present experience renders it very obvious that the business of the uncompleted line will at every stage of its progress yield a profitable return upon the investment.

The public are already familiar with the great mineral resources of the mountainous portions of the country through which the road passes; but it is not so generally known that the Great Platte valley and plains are good agricultural lands, capable of sustaining a large population and of supplying the mining districts from their surplus productions, indicating also in the future an exchange of products, of which the road will be the instrument.

Some years ago the amount from the East carried over the plains by teams a distance of over 600 miles exceeded 40,000,000 pounds in one season; and since then 27,000 teams loaded for the West left from only two points on the Missouri River in one year. Three hundred and five miles of this transit is now performed by the Union Pacific Railroad. The completion of the Cedar Rapids extension of the Chicago and Northwestern Railroad across Iowa in January last, connects this road at Omaha with Chicago and with all the Eastern railroads, markets, and seaboard, thereby affording greatly increased facilities for the concentration of the entire overland traffic upon this route. But counting nothing upon the great increase of business with increased facilities, the 40,000,000 pounds of freight going over the 305 miles already completed would give a gross receipt of $1,000,000 per year.

If to this amount we add the receipts for the carriage of passengers and mails, and the transmission of telegraphic despatches, the amount would be swelled to nearly $2,000,000 per annum. And with the increase of business, at least one half that sum, or $1,000,000, may reasonably be counted upon as the net profit per annum for each 305 miles of road, to be vastly increased when the whole line is completed.

Upon this 305 miles of road the First Mortgage bonds will be, as limited by the act of Congress ($16,000 per mile), $4,880,000, and the amount of interest at six per cent. will be $292,800. This interest being payable in gold, and the income of the road received in currency, we will add, say, one third, $97,600, in interest, equal in currency to $390,400, or requiring little over one third of the net foregoing reasonable estimate of the receipts to pay the whole interest to the bondholders in gold.

It will be observed that this result, upon so moderate an estimate of the business of the road, arises from the small amount of the First Mortgage bonds ($16,000 per mile), and the large amounts furnished from other sources for the building of the road, the return for which is subordinate to that of the First Mortgage bonds now offered for sale.

That the idea of connecting the Atlantic and Pacific oceans by over 3,000 miles of railroad, at any time a bold and magnificent conception, should have been adopted and its practical execution commenced and vigorously prosecuted during the period when a great civil war was absorbing our thoughts, taxing our physical energies and our financial resources, must be regarded as one of the very remarkable events of that very remarkable period, evincing an ability, energy,

and spirit in the people, which has excited the astonishment and admiration of the older nations of the eastern hemisphere; and while our interest is stimulated by the magnitude of the material benefit to be derived from the completion of this work, a proper emotion of patriotic pride inspires the hope and the wish that its completion may be a fitting sequel to the inception which has added so much to our national honor and national glory.

PAYMENT OF THE FIVE-TWENTY BONDS.[1]

To the Editor of the New York Tribune.

The material strength of a nation lies in its resources for men and money. The latter is the more indispensable, for with it the deficiency of men may generally be supplied, and without it an army of its own citizens cannot be sustained in the field with the munitions essential to its efficiency. This is also the most vulnerable element, and a general whose blunders failed to destroy an army, or a weak or treacherous politician who failed to alienate the loyal or to distract their councils, may, at this exposed and vital point, give the cowardly stab which will lay his country prostrate at the feet of any petty foe that would insult or trample upon it. In the recent war the South was exhausted in money and credit, and was vanquished; the North sustained its credit, and conquered.

Any country, however small its territory or its population, with ample credit, is more than a match for one, however large, whose promises to pay are rejected. The one can command the spare labor and resources of the world; the other is, at best, limited to, and can seldom fully command even its own. No country,

[1] Published in *Tribune*, December 13, 1867.

then, can afford to disregard or trifle with this essential element of its power. The credit of a nation is more sensitive than that of individuals, because the fulfilment of its promises depends upon its honor. It cannot be coerced to pay, and the mere suspicion that it may refuse or evade payment is destructive to its financial ability.

An insidious attempt is now being made to destroy the credit which was one indispensable element of our success in the recent struggle, and upon which our power and our rank among nations is still dependent.

It is speciously argued that the law does not stipulate that the 5.20 bonds shall be paid in coin, and that the holders having paid for them in depreciated paper, can equitably demand only the return of what they paid, with lawful interest.

The facts seem to be that the law provides only for the payment in "dollars," but some doubts arising on this point, and the necessities of the government requiring it, the officers specially charged with its finances held out the assurance that the bonds would be paid in gold. It is well known that even with this assurance there was often great difficulty in obtaining, in exchange for them, the means for prosecuting the war, and the government and the nation stood by and saw its regularly appointed agents take the money of the purchasers upon this assurance without protest or notice that it was unauthorized, and would not be held valid. A principal who thus accepts the money upon assurances made for him by his agent, with his knowledge, and made to save him from ruin, is bound by all the principles of law, honor, and common sense, to regard the assurances as his own, and to fulfil all the obligations under it as if made by him-

self. Even if the agent, in view of the urgencies of the case, had given only his own assurances, and without the privity of his principal, the obligation of the principal would still be very strong. In this case the immediate representatives of the people in Congress confirmed the assurances of the financial officers that these bonds would be paid in coin.

In the cases in which the government stipulated to redeem one promise by giving another promise; in other words, stipulated for a renewal or an extension of the time of the loan, the holders raise no question. From a real or supposed deficiency of gold for the present, promises of gold in the future, with interest, were made the basis of circulation, and it was expected that by making the demand and other short obligations of the government convertible into these promises, any excess of currency would be funded, and the evils of an inflation be thus avoided. Though the result fell short of the anticipation, this eventual promise of gold probably mitigated the evils of expansion. But for this resource of the holders our currency might have run down, as it did at the South, losing its purchasing power, and involving national bankruptcy. Such was the use of 5.20 bonds, and for this their eventual payment in coin was an essential condition. It seems absurd to so construe a simple contract to pay "dollars" as to make it payable in *another promise to pay dollars*, which with equal reason might also be deemed to be payable in a third promise of the same kind, and so on ad infinitum. Still more absurd is it to suppose that the lender took a promise for "dollars" with interest, understanding that the government had the option of paying him with a *promise* for the same number of "dollars" without interest.

In making one portion of its indebtedness payable in "dollars" and another portion only convertible into *other promises to pay dollars*, the government has recognized a distinction which it is bound in good faith to act upon, and not compel those with whom it contracted to pay "dollars" to settle as though their contracts stipulated payment in *other promises to pay dollars*.

It is stated that the holders of the bonds took advantage of the necessities of the government, and paid for them in depreciated currency. It is admitted that they paid the market price for them in fair and open competition, after abundant notice to all parties interested. More than this, it may be asserted that the patriotism of the loyal citizens was successfully appealed to, and that, through this appeal, the price obtained was something more than mere commercial considerations would have induced. Nations and individuals are liable to emergencies in which it is necessary to obtain money, even at exorbitant rates, to prevent absolute ruin, and in such emergencies the risk of lending is often greatly enhanced, justifying the promise and the expectation of larger premiums for the loan; for if the imminent danger is not averted, the whole amount may be lost. The increased premium in such cases is the inducement to the capitalists to take the increased risk, and without it the lending in such cases would, on the average, result in loss to the lender. Let a nation or individuals avow that, for such loans, only the actual value received, with lawful interest, will in any event be repaid, and they would be wholly unable to obtain aid in such emergencies, and be exposed to subjugation or ruin from what might otherwise be trifling misfortunes. With

the reputation of thus dealing with their creditors no money could be obtained. It would make no difference what they promised if their performance was thus limited in fulfilling. In the case in hand the national existence was threatened, involving real risks, which were magnified by rebel agents and rebel sympathizers. People were warned in Wall Street, to "wait till they had a government before they invested in its securities." During much of the time, investments in real estate would have paid better, but loyal men did advance their money, giving the government bonds the preference, from a patriotic desire to aid their country, and on the other hand the disloyal withheld theirs for the purpose of crippling it. Now that the crisis is past, to refuse the payment promised for aid to go through it would be both unwise and dishonest. It would be robbing the loyal who loaned money to benefit the disloyal who refused it.

But if the legal or even the equitable rights of the bondholders were ever so questionable, what possible benefit would now arise from discussing the subject? No one will contend that it would not be most dishonorable and impolitic for the government to use its power to depreciate the currency for the purpose of ridding itself of its debts; and if it should adopt a course so disgraceful and inflate the currency, the evils of such inflation would be greater than those of the debt. With the present inflation, those evils are very serious, furnishing the opportunities for gamblers and speculators to shuffle the earnings of the productive laborers into their own pockets.

Without further issues for the purpose the government will not probably be prepared to pay its bonds,

even in greenbacks, much, if any, before the time at which it will or should be ready to resume specie payments, and in the mean time any funds it may have for that purpose can be used with little or no loss by buying in the open market of those who will sell on the best terms. In this mode the discredit and disgrace of compelling the public creditor to accept in exchange for the nation's promise of so many "dollars" payable at a given time with interest, a new promise for the same number of "dollars" payable at no specified time, and without interest, would be avoided.

But, be the right or expediency of the plan proposed as it may, it is wholly impracticable, and any attempt to put it in execution would be abortive. It is proposed to issue new bonds, and, with the greenbacks obtained by their sale, pay the bonds now outstanding. The late issue of United States bonds, interest payable in gold, and principal supposed to be, is now selling at a small premium in greenbacks, and any large addition to the supply, for any purpose, would no doubt have to be sold at par, or less, so that nothing would be gained by the exchange. But if new bonds were issued for the purpose of paying the public creditors in the manner proposed, they would find purchasers only at very low rates, if at all. It would make precisely the case presented by the Illinois farmer who opposed State repudiation, and advocated hiring $3,000,000 to give the creditors for their $15,000,000 of bonds, and then if the new creditors pressed them hard repudiate on that. The question arises equally in both cases, who will furnish the three or the three thousand millions to be repudiated.

As a community we are still selling our bonds abroad, and the suggestion of these measures of eva-

sion, by impairing our credit, enables foreigners to buy our securities at less rates than they would otherwise pay, increasing our eventual loss. We thus suffer by threatening what we will never be mad enough to attempt, and in which we would most obviously and ingloriously fail if we should.

The honest payment of the bonds, in conformity to the contract as understood at the time by both parties to it, is now denounced as a policy "making the rich richer, and the poor poorer." A dishonest national policy would make us all poor indeed. But repudiation — partial or thorough — will not exclusively affect the rich. In the aggregate a very large amount of government securities are directly held in small sums by people of small means, and through banks, insurance and trust companies, and institutions for savings, this same class indirectly holds a large proportion of the government debt, and any depreciation in its value will fall more heavily upon, and be more severely felt by them than the rich, whose investments are generally more varied. It is asserted that the government has the right to make "leather, tin, or paper" a legal tender. As applied to tender for preëxisting obligations, the word right can here be used only in the sense of authority or power, and is equivalent to a claim of right (power) to repudiate its debt entirely. If the government can demand the surrender of a $1,000 bond for a worthless scrap of tin or leather, it can as well declare the bond forfeited without such mockery of payment. The government might make leather, tin, or paper legal tender without committing the fraud of giving it the names of our coin, and making it apply to existing obligations. The word "dollars" is already written in the bonds and cannot be

altered, hence Mr. Stevens ingeniously proposes to adopt the converse of Dermot McMurrough's plan, exclaiming:

> "And since we cannot alter *names*,
> By G—d we 'll change the *things*, sir."

In regard to future contracts, no government can impart value to what in itself is valueless. Tin, leather, paper, or its own promises, will pass for what they are deemed to be worth, and no more; and at this day no government would probably commit the folly of attempting to counteract this law of trade.

Those who live by speculating upon the fluctuating values of property, and those who are in debt, have a special pecuniary interest in continuing a fluctuating and inflated currency. Since the war a large debtor interest has grown up, and become the ally of the speculators who at that time stood almost alone in opposing an early return to specie payments. The speculating and debtor interests are always vigilant and active, but it is by no means creditable to the intelligence of our country that they have succeeded in obtaining a foothold for the idea that an inflated irredeemable paper currency is not an evil. This is opposed to all the results of scientific investigation and experience. There is hardly a State in this Union, out of the gold regions, which has not heretofore tried and suffered by such experiments. They are the resource, sometimes, perhaps, the necessary resource, of financial debility, but oftener the mistakes of ignorance, and always ultimately injurious and expensive. No country can now better afford the best forms of currency than ours, and to permit any other would be attributable not to our poverty, but to our folly.

The evils of an irredeemable currency are numerous. Among them we may here note that the fluctuations in its value subject all business to the risk of gambling. This discourages regular industry, and induces large numbers to devote themselves to speculation, leaving the burdens of the community to be borne by a reduced number of actual producers. In the speculative period immediately preceding the commercial disasters of 1837, we imported wheat, and even hay. This year we imported flour, and but for the large supplies from the gold-paying States, the quantity imported from Europe would have been much greater. Still the West is discouraged because the food which it produces is there so cheap. The East cannot reduce the cost of its fabrics, because there this same food is so dear, and the factories are suspending work. Labor cannot be employed, with profit to the employer, in the production of food or clothing. This may, in part, arise from a higher standard of living having been generally adopted during the rampant period of expansion than our productive labor, diminished by one army taken for the fields of battle, and another now in the fields of speculation, can maintain. The improved machinery of production has, however, largely compensated for this diminution in labor, and we must look for other causes of the existing conditions. The cost of distributing generally bears a large ratio to the cost of producing. Hence the machinery for the former is little, if any, less important than that for the latter object, and, currency being one of the main agents for facilitating distribution, the government might as well ordain that our farmers should substitute the old pointed stick for the improved plow, as that they should use

an irredeemable paper currency. The high cost of the transit of grain, which is the first step in its distribution, is now the bane of our western farmers; but with gold at 140, capitalists will not invest in vessels, canal-boats, railroads, and rolling-stock, unless they can get large immediate returns, for the extra cost of 40 per cent. may all be lost by a change in the currency. The price which invites competition must, therefore, be very high, and hence with high prices at the seaboard the main business of the West is unprofitable, and this, reacting upon the manufacturing sections in the East, a general stagnation is produced. The currency wabbles and the whole machinery of distribution is deranged. It may be doubted whether this cause is adequate to the effect, but it must be borne in mind that the difference between abundance and deficiency is often very small. It is not doubted that the rise of 100 per cent. or more in the rent of stores in New York was mainly to be attributed to the unwillingness of capitalists to pay the enhanced cost of building with depreciated currency.

One other point which, for the credit of the country, I wish it were unnecessary to allude to. It seems to be the opinion of some of our politicians that the party which holds out the bribe of repudiation, veiling perhaps its most repulsive features, will obtain the votes of the masses who are supposed to hold no government securities, and to be willing to defraud those who do. This is probably a mistaken calculation. In the first place, this bondless class are, on an average, as honest as those who are richer, and will scorn the bribe and the briber. In the hour of peril they nobly responded to their country's call, and will not now be made the instrument of demagogues to

weaken and dishonor her. Their number is probably overestimated. Through the channels before mentioned, and especially through the savings-banks, the interest in the bonds is diffused, reaching those with very small means. Among these, any who are too narrow to perceive or to act upon the disastrous consequences of repudiation will probably only see the immediate loss of their own small interest, without taking into view remoter pecuniary advantage which may be supposed to inure to them from the general abrogation of debt. Each will see and feel that he has lost his money, and will be little consoled that some of his neighbors have lost a hundred or a thousand times as much, or even that his own taxes are thereby lessened. Supposing, then, the ignorance which is thus counted upon to exist, it will work both ways, and neutralize the evil expected from it.

November 26, 1867.

INFLATED CURRENCY.

FARMERS THE GREATEST LOSERS BY IT.

To the Editor of the Providence Daily Evening Press.

In an article of November 26th[1] I alluded to the numerous evils of excessive paper issues, mentioning as among them, the gambling risks to which it subjects all business, and also the inducements to speculation and consequent diminution of regular industry and its products. The pecuniary loss by each of these items is no doubt serious in amount, to say nothing of the incidental demoralizing influences.

An able writer, "E. A.," estimates that producers and dealers make an addition of *at least* one per cent. to their prices as compensation for the additional risks of our currency, which will amount to a premium of $130,000,000 per annum, to be paid by the consumers. This, on his own data, appears to be an under-estimate, and a premium of two per cent. for this risk, making an aggregate of $260,000,000, is probably not too high. The amount is startling, and if this were actually lost to the nation, would be appalling. But fortunately this is not the case, for the excess paid by the consumers is made by the sellers, and the aggregate property in the country is not thereby diminished. So far as the accumulations of

[1] November 26, 1867, page 309.

the premiums thus paid shall be needed to reimburse the producers and dealers for the actual decline of stocks on hand at the period of resumption, it might be supposed they would be repaid to the consumer, who will then be buying at a less price in consequence of the change in currency; but the aggregate rises and falls from the commencement to the end of inflation must be equal. Hence no portion of this premium charged for its extra risks will really be thus returned, and it amounts to a bonus paid to induce people to take chances which, though in the aggregate just equal, may turn against those who take the risks, and which, by the extent of the fluctuations, may involve them in ruin. A faro bank does not engage in the business of gambling without charging a premium for taking the equal chances of loss or gain. This bonus is not all paid by those who are only consumers. Each producer or dealer charges the premium, and each pays on what he consumes. A charges B two per cent. extra for bread, and B charges A two per cent. extra for beef, and a portion of the premium is thus neutralized. Those who live on fixed salaries or the income of accumulated property, pay their full quota in proportion to what they consume and get no return. If the farmer gets the two per cent. premium on the sale of his product, he is still comparatively a loser. If he has an investment of $10,000 in his farm and appurtenances, he will not be able to sell over $2,000 worth of products from it per annum; and of this, as matters now are, he will have no surplus profit over the expenses of producing it, and the cost of living. He gets his premium on this amount but once a year, and buys about as much as he sells; but the articles he buys have, on

an average, passed through the hands of four dealers, adding eight per cent. to the price.

A dealer who has $10,000 capital in his business, can turn it at least four times a year; and as he will furnish nothing of his own production, and, with the advantages he derives from the fluctuating currency, can afford to spend liberally, we will suppose him to expend $3,000 per annum. The account will then stand thus: —

The farmer receives premium on sales of $2,000 at two per cent.	$40
And pays premium on purchases of $2,000 at eight per cent.	160
Loss to the farmer per annum, ...	$120
Dealer receives premium on $40,000, at two per cent.	800
And pays premium on $3,000, at eight per cent. .	240
Gain to the dealer, ...	$560

This excess of bonus received by dealers absorbs that paid by those living on salaries or interest, and by farmers and others whose sale of products is small in proportion to the capital and labor employed. If the farmer sold his whole farm and appurtenances four times every year, and got the bonus of two per cent. on each sale, he would be on an equality with the dealer. As things are, it is very doubtful whether he gets the two per cent. on his sales of $2,000 per annum. We have a surplus of agricultural products to export, and the price of the whole crop of any kind is measured by what the surplus portion of it is worth to export and sell in competition with foreign producers, who, having a sound currency, do not add any

bonus for the risks of dealing in it. In such a competition, no such bonus can be added to the price of our products. But the products of the farmers have to pass through the hands of the dealers to the consumers, and here again two per cent. bonus is charged by each one, and this cannot be got back from the consumer abroad, for he can buy products not subject to such charge, so that the price which the farmer's products are worth at his door, is again lessened by these premiums paid in its transit to the ship, and the price of this surplus exported thus diminished, as before stated, fixes this price of the whole. If there is more than can be sold at home, the general market-price must come to what the surplus will net, after deducting all expenses and charges incident to shipping it, or no one would ship the surplus. The farmer thus loses at both ends; what he sells is diminished, and what he buys is enhanced by the premiums charged for the risks of the currency.

I have before, on some occasion, adverted to an absolute loss which a fluctuating currency entails upon us, in preventing economy in transportation. This applies with peculiar force to our Western farmers. Those who buy their heavy products cannot take the risks of the currency for the long time required to transport them, by the circuitous lake routes, in the slow but cheap and appropriate means of sailing-vessels. This risk is deemed at least equal to the increased cost of the more speedy modes, and of course the risk in the one case or the increased cost of transportation in the other must be deducted from the price paid the farmers at the place of production. In the article of November 26, I also mentioned the loss which arises from the unwillingness of capitalists to

invest in the machinery of distribution, such as railroads, rolling-stock, steam and sailing vessels, at inflated prices, unless they can, by charging high prices for their use, speedily get back the extra cost.

This is severely felt by farmers of the West in the increased cost of transportation both ways. An element which caused the rents of stores in New York to advance fourfold in one year is not to be overlooked.

I have, in articles heretofore published, alluded to all these blighting influences of a surplus of paper currency, though not in this same connection. I would now suggest another item of loss from the same cause, which falls almost exclusively upon the agricultural industry.

In the natural course of trade, gold and exchange will rise when we have little product to export, and will fall when the amount of our shipments becomes large.

In our national affairs, since we have had an excessive paper currency, the disturbing influences have been so great that it would be difficult to test this proposition by reference to actual experience. I will, therefore, in the way of illustration, refer to a case on a smaller scale which was free from the disturbing elements of war, and also from the, financially, hardly less baleful influence of political action. Perhaps private speculation was also to a great extent excluded: —

After the severe revulsion of 1837, there was a time when all the States except Alabama had resumed specie payments. I then observed and pointed out to the planters of that State that, during the portion of the year in which they were making their crops, and there was nothing to export, they paid for their supplies at prices based on gold or Northern exchange at

about 120 to 130; and that when their crops came into market to be shipped and drawn against, exchange payable in gold fell to about 108 to 110 per cent., making a loss to them of about one eighth of the cost of production.[1]

The same principle must now apply to the nation. Our surplus grain, provisions, cotton, and tobacco are all ready for shipment at nearly the same time, and the tendency of this is to give the producers a price for them based on gold at a lower rate, after having bought their supplies, through a great portion of the year, at prices based on the higher. Other causes may temporarily interfere, but as these, in the long run, will neutralize themselves, the chances are still against the farmers, who, on the average, must suffer in the fluctuations by just the amount which the circumstance of their crops coming into market lessens the currency price of gold and foreign exchange.

This does not apply to petroleum and other products, the supply of which may be regular throughout the year.

If the currency were only depreciated, and remained steadily at any given value, these losses would not occur. If, for instance, all the gold and silver dollars were cut in two, and each half still called a dollar; or if two paper dollars were always out for every one required for business at gold prices, making them worth just fifty per cent., it would make no material difference, after we had once accommodated ourselves to the change, and all prior contracts had expired. The price of things would be nominally just double; that is, would sell for just as many whole dollars, or as much weight of gold as before. Those who paid new currency for notes, mortgages, etc., contracted

[1] See page 23.

under the old, would of course gain half the amount paid. In the early period of expansion the West was a debtor section, and profited by the inflation; but they are no longer benefited in this way. The losses to which I have alluded, though they increase with the expansion of the currency, are entirely distinct from this nominal change in prices, and grow, not out of the depreciation, but of the fluctuations, or apprehended fluctuations, in the value of the currency. If the salaries, fixed incomes, and prices of farmers' products all increase as fast as the currency depreciates, there is no direct loss to those who live from these sources by the depreciation, but they still lose by the incidents of fluctuation as above stated.

All regular industry suffers much and in various ways by the use of excessive irredeemable paper currency, and especially in having to support an army of speculators who live on its fluctuations, costing, probably, no less than our army in the field during the war; but the foregoing positions go to show that the farmers, and especially those far from market, suffer more from it than any other class of producers.

Our Western farmers may have been influenced by this consideration: in selling their crops for depreciated paper, they get higher prices, and the government will still take the paper at par in payment for land at former gold rates. But if the foregoing views are correct, it is not the farmer who will have a surplus thus to invest, but the traders on whose capital he pays two per cent. four times a year, and who sell him gold at an average of 75 and buy it back from him at an average of 68, who will have the means and will get the land at the reduced price. The farmer who, under existing conditions, has as many paper

dollars spare income as, with a sound currency, he would have in gold, is fortunate, and in this case he can buy no more land, though its price is thus reduced.

It must be borne in mind, too, that this price for government land keeps the farmer's land also at the same price in paper that it was before in gold, and they have further to help make up in taxes what the government loses by selling its land for paper; for nearly all our interest, all the salaries of foreign ministers, and other foreign services and expenditures must be paid in gold, and the compensation to members of Congress and most other officials at home, with the cost of supplies for the army, etc., has kept pace with the price of gold, and the really less value which the government realizes for its land must be made up by increased taxes.

I will add one other item of national loss, showing how the bane of inflation reaches where we would least expect to find it.

Gold is now an important item of our exportable products, and by the change in our currency the exchangeable value, or purchasing power, even of this has been reduced in the markets to which we send it. We have dispensed with its use as a common currency, and, as a consequence, the quantity of it in other countries has increased, and its purchasing power proportionally diminished. If in this country we should all substitute potatoes for bread, our wheat would all be crowded into foreign markets, and a fall in price would there be the consequence. This same effect must result from substituting paper for home use in place of gold. The difference between the invigorating influence of a sound currency and such as

we are using upon the business vitality of a country, is greater than between potatoes and wheat upon muscular and mental energy. We have voluntarily adopted the potato currency, and by its persistent use are in a fair way to be driven to the potato diet also.

Fluctuations in the measure of value are obviously just as inconvenient and injurious as variableness in the measure of bulk or length would be. If a man contracts to sell his wheat at one dollar per bushel, the result to him is precisely the same whether the bushel is doubled in size, or the dollar is reduced one half in value. Suppose a maker should furnish measures which would swell and shrink with changes in the weather, sometimes holding three or four quarts more, at others three or four less than half a bushel. Without having learned to calculate those changes, those who love the excitement of gambling, and those who seek gain from the mere mutations of trade, would favor these variable measures. But there would soon be a class who, having made it their business to investigate, would prefer them, as gamblers in the secret prefer certain makes of cards, for the reason that they know them by ingenious devices on the back as readily as by the spots on the face. The case of the farmers in relation to the currency is even worse than this. For reasons before stated, it is as though they were using measures which, of themselves, would swell whenever they were selling, and shrink when they were buying.

It is not to be wondered at that under these peculiar hardships the Western farmers should be restive and even clamorous for change; but at first glance it seems incredible that, as asserted in Washington, the pressure for further expansion is mainly from them.

Is it not from some other portion of the Western population? from demagogues vilely seeking, for party purposes, to make things as bad as possible? or from interested speculators? — always an active, energetic, vigilant, and pushing, not to say impudent class. The farmers complain that their just earnings slip away from them in some unaccountable way, so that at the year's end there is nothing left in the "stocking." The speculator suggests that this is because their measures do not yet vary enough; that they must get them so made that they will swell and shrink still more than they now do; and Congress is beset to do this. The interest of the farmers especially demands that we should get back to a sound currency as soon as a due regard to other important interests will permit. But Congress has already suspended the slow movement which it had before permitted in that direction. If we cannot contract when regular business is already so prostrated and curtailed that little money is needed for it, and interest is at four per cent. per annum to stock speculators, when can we expect to do it? Must we wait for the entire annihilation of our industries before it will be deemed prudent to take this essential, and the only essential and effective step toward a specie basis?

In view of the mistakes and blunders of men who, with the stimulus of interest, make finance their study in Wall Street, and of those who under the circumstances ought to have made it their study at Washington, it should not perhaps surprise us if the farmers have made the mistake of demanding measures the very reverse of what the general interests of the country, and more particularly their own, really require.

Our debt is nearly $1,000,000,000 more than, with

a proper regard to the most obvious principles of finance, it would have been; and unwise legislation which has already increased the burden now seriously threatens to lessen our ability to pay.

There are, however, indications that the subject is becoming better understood in Congress, and there is reason to hope the people, now aroused to the importance of the subject, will, on more mature investigation of it, encourage, or at least permit, the more healthy action, which, but for the outside pressure of an important and properly influential section, might now obtain in our legislative halls, and that even before the close of the present long session, measures of relief instead of aggravation may be adopted.

R. G. HAZARD.

PEACE DALE, R. I., *February*, 1868.

OUR FINANCES.[1]

THAT all should be just, and more punctiliously so in cases in which the party dealt with has no power of redress, is universally admitted; but as the aggregation of people which constitutes a nation has no common soul to suffer for its delinquencies, many seem willing to profit by public wrong, and let the penalty fall upon the individual instruments of it. They would not cheat their country's creditors, nor even incur the suspicion of any such design, but are willing that others should repudiate for them, and thus hope to participate in the profit without having their characters tarnished or their personal credit or safety impaired. But no member of a community can thus escape the penalty of its dishonor. If the individual is not polluted, his character is stained by the national guilt or meanness. The dishonesty of a nation imposes upon each of its citizens the onus of proving that he is not a knave.

The power of a country, too, is essential to the protection of every citizen of it, and to destroy its credit is to destroy its protecting power. When loss of credit arises from want of means, a nation may still be respected; but when, with ample resources, it refuses to pay, or seeks by a show of fraudulent intention to frighten its creditors into a compromise, it loses

[1] Published in the *New Englander*, October, 1868.

both credit and character, and can no longer sway by moral, or coerce by physical, agencies. We are at the moment insisting upon the right of our naturalized citizens to exemption from foreign allegiance. With the taint of repudiation upon us we could exert no moral influence upon such a question, nor could we enforce our doctrine by any physical demonstration. A case recently occurred in which one of our adopted citizens was arrested in France as a deserter on the ground that he had been drafted after having emigrated to this country, and had not answered to the demand of the government under which he was born for military service at his hands. Our moral influence proved to be sufficient, and had it not been, all our national power would have been put forth in his behalf.

We are also now insisting that England shall pay for the depredations of the Alabama upon our commerce, and with a strong probability that our claims will be paid without a resort to arms. But morally and physically weakened by evading the payment of our creditors, what could we do? England might tauntingly tell us to pay our own debts, rather than make such demands of her, as France could have bidden us be sure that we could command the services of our own citizens before we interfered with her claims upon those born on her soil. Without credit we could neither equip an army nor float our navy. We should be powerless either to protect our rights or to resent insult. It may be said that the resource of taxation would still be left to us; but national dishonesty so demoralizes a people, that, with the taxes increased to the maximum ability to pay, the amount which will reach the Treasury will still be insufficient

for the proper expenditures, with the additions by waste and fraud engendered by the same laxity of principle. Already the most alarming feature of our position is the indication that there is not sufficient honesty among us to insure the faithful collection of the revenues, and a government which, at a tremendous cost, subdued a formidable rebellion, ingloriously succumbs to a villanous gang of whiskey distillers. The next expedient for the demands of war is a resort to forced loans; but this soon paralyzes productive industry and absorbs its accumulations, reducing the community to a semi-barbarous condition, as is practically illustrated in our neighborhood.

It appears, then, that attacks upon our credit are more subversive of our power, as well as more destructive to our honor, than assaults upon our arms, and that treason in that form is more dangerous, and should be regarded as much more odious than armed rebellion, as fraud is meaner than open combat with equal or superior force. But the folly of the recent insidious attacks upon our credit is even greater than their meanness and guilt. By foolishly threatening to pay the holders of our promises bearing interest in other promises without interest — in greenbacks — when we had no greenbacks to pay with, our credit and reputation have been wantonly injured without even the *chance* of pecuniary gain. Any man who, in the management of his own business, should commit such a blunder, should thus destroy his financial credit and moral reputation, without the possibility of any compensating advantage, would be deemed a fit subject either for an idiot school or a lunatic asylum.

Even those so obtuse that they cannot comprehend

abstract reasoning, or even arithmetical computations, should learn something from facts before their eyes. Massachusetts, actuated by high moral principle, harmonizing with an enlightened and clear perception of her material interests, by paying gold without question, has sustained her honor and her credit, and thereby, in her comparatively small financial operations, already profited to the amount of millions.

It may be said, in mitigation, that some of those who advocate payment in depreciated paper contemplate the emission of $1,200,000,000 of greenbacks to take up the bonds which they contend may legally thus be paid. No one has yet the hardihood to claim that this $1,200,000,000 is never to be paid in coin, but only that the time of payment is to be indefinite or payable when convenient. The bribe thus proffered to the people to thus fraudulently depreciate the currency is the gain of the interest on the $1,200,000,000, or $72,000,000 per annum — a large sum, well worth attention. But though large, what is it compared with the disadvantages of a fluctuating, irredeemable currency, on such a scale, and the general disarrangement thereby of a business, the gains of which, in a normal condition, paid the cost of government, furnished a generous living to all the people, and left a surplus of over $1,000,000,000 of gold value? The additional labor required to do the business with such a currency, and its influence in diverting labor from production to mere speculation in its products, would far more than offset the $72,000,000 which it is proposed to save by the inflation.

Issue this additional currency, making in all nearly $2,000,000,000, when the amount required at gold value is only $500,000,000, and it would, even if its

eventual payment at some indefinite time were undoubted, be worth only $500,000,000. The aggregate value or purchasing power of an inflated currency of reliable promises to pay gold, will be just equal to the amount of gold required to effect the exchanges. In our case it would be only $500,000,000, and it would be passed and received at that rate. It may be supposed that this result would be modified by capitalists at home or abroad withdrawing the paper from use, and holding it for the profit of eventual payment in gold, but it is obvious that so long as parties would pay any interest upon it for use, this would not be done. It would be loaned to these and put in use. But in the case in hand such relief would be cut off in another way. It would be obvious that the same reason which is assigned for paying the bonds in greenbacks, viz., that they were bought with greenbacks, would apply to paying the holders of the currency only the twenty-five per cent., which they paid for it, and in such case its value to hold would only be twenty-five per cent., payable at a time indefinitely future, say only twenty per cent. But for the same reason it would again be reduced below the twenty per cent., and thus run down continually until wholly refused. This last consideration relates to the credit of the currency rather than to the effect of its quantity; so long as by common consent it is accredited as the universal medium of exchange in the country, it will have the aggregate value which is required for that service or use, say $500,000,000 and no more, and if double or fourfold that amount is put in circulation each bill will pass for half or quarter its nominal value, for, as just shown, so long as any one will give any interest for its use, the whole will be forced into use

at this depreciation in its purchasing power. The effect of such a currency upon the business of a country would be exceedingly injurious.

With the measure of value four for one, nobody would risk investments in the means of saving labor which did not immediately give back a very large part of their cost. No one would build storehouses for grain, or mills to grind, or railroads or ships to transport it. Such enterprises as the Pacific railroad would have to be abandoned, and roads already built would only be repaired under conditions onerous to the public. The companies would not buy rails for repairs at fourfold price, unless they could get tenfold price for their use, because by a change in the currency they might any day lose all the extra cost. Our farmers could not afford even to replace their worn-out reapers and threshing-machines, and would soon be reduced to the old modes by scythe and flail. Add to these disadvantages that of sustaining in extravagant living an army of speculators and peculators engendered by inflation, and the $72,000,000 of interest sinks into insignificance, compared with the loss and burden put upon the country in the process by which it is proposed to save it. But let us note this process a little more in detail. In the first place the boudholders would lose say three fourths the amount of their bonds. A large portion of this would fall not on wealthy capitalists, but on the depositors in savings banks and holders of small amounts, either of bonds or of the previous issue of currency, to whom it would bring actual privation and suffering, and another large portion would be more severely felt by laborers than by capitalists who employ them. Most of the latter class would profit in other ways by the change in value.

Take, for instance, the case of a baker, who, when the inflation occurs, is employing men at fifty dollars payable at the end of each month, and having a month's stock of flour on hand, of which each laborer will convert thirty barrels per month into bread. The cost of the thirty barrels of flour before the inflation is, say —

	$500	
Cost of labor, ...	50	—— 550
Add for customary profit, ...		50
Value of the bread in sound currency,		$600

Its value in the inflated currency will be $2,400. So that for this month he pays the laborer with a quarter the quantity of bread he would have done, and as all other articles rise in the same proportion, the laborer for this month's wages can obtain only a quarter the usual quantity of supplies. This may be divided over a longer period than one month, but this loss of three quarters of a month's wages must fall upon him. It may be argued that this gain to the employer and loss to the laborer are only temporary, and will eventually be neutralized by an equal decline in prices when a sound currency is restored. This is at most only partially true, for the capitalists and dealers immediately begin to charge extra profits as guarantee for this risk of decline, and prices to the laborers and other consumers are thereby enhanced during the whole period of inflation.

There is also an actual addition to the cost of production and distribution, not only from the consequent deficiency of labor-saving apparatus before alluded to, but from the increased labor of doing business with such a currency. With the additional risks attending it, ordinary prudence requires that a man should

curtail his operations and do less in proportion to his capital. With the necessity for increased thought and vigilance to guard against losses by its fluctuations, he can give less attention to other details, and hence more persons are required to manage the same business. This makes a loss to the whole community. The bad effects of an irredeemable paper currency have been so repeatedly proved by actual experience, that it seems strange that it should still find advocates. Our continental money, the subsequent separate experience of nearly every State in this Union, and our present condition, furnish ample testimony of its baneful effects. In the Southern Confederacy we have a warning of what would be our fate if we adopted the plan of the expansionists. There, one common ruin and almost universal destitution and suffering have been the result. It may be said, and truly, that the effect was there aggravated by civil war; but it was only aggravated, and such an emission of paper money, without any war, would have been attended with very nearly the same pecuniary results. No labor-saving machinery being provided, and even the reward of manual toil made uncertain, product would have been diminished till the necessaries of life became scarce. The writer has seen a community of great productive ability reduced to great straits, by an inflated irredeemable paper currency, when there was no aggravation by war. In the revulsion which succeeded the great expansion of 1834 to 1837, the citizens of the State of Mississippi were much embarrassed by debt. This arose in part from the cost of clearing the land and other expenses incident to recent settlement; and partly from speculation at the high prices which the expansion engen-

dered. Most of their banks failed, and various devices were resorted to to supply the imperative demand for a medium of exchange which exists in all civilized communities, and which is an essential element of social progress. In one intelligent community, well executed bills of one to five dollars each, *payable in Thompsonian medicines*, were current; and in another their change bills read, "The faith of the Ten-pin Alley pledged for fifty cents."

The urgent necessity of the hour, however, seemed to call forth the talent suited to the emergency. One man, regarded as a miracle of financial ability, stepped forward to supply the want. He was hailed as the Nicholas Biddle of the South, and regarded as the deliverer of his country. With wonderful energy he put press and paper in requisition, and flooded the State with Brandon Bank bills. With these he and his coadjutors bought the cotton crop of a large section of the State. The day was not long enough and they bought by night also. The planters, in the rage which then possessed them for producing cotton, had neglected to raise food; they sold their cotton for Brandon Bank bills or other paper of about equal value. This sufficed to pay a portion of their debts, but very soon the flatboatmen refused to take it in payment for corn or provisions, and among an active and energetic people, possessing an abundant area of one of the richest soils in the world, in a productive season, with no war or pestilence, with only the calamities incident to bad currency, there was actual suffering for food.

In view of the apparent sincerity of those who still advocate expansion, it would be unfair to charge the principal agent of this suffering with intentional

fraud. He may only have been misled by the same glittering and seductive fallacies which now bewilder some of our statesmen. That on witnessing the result he ran away and hanged himself, should incline us to a charitable verdict. If the proposed plan of increasing our currency by thousands of millions to pay the bonds should be adopted, we should probably see suffering for food among the laborers, even in this land of abundant provisions and prudent forethought. They will find, some pay-day, that their month's wages will hardly suffice for a day's living, and if the authors of such calamity should not then, like their Mississippi prototype, have the grace to hang themselves, it is very probable that at least their effigies would grace a lamp-post or a gallows.

On this matter the thoughtless and ignorant are easily deceived. The laborer or mechanic who has not investigated it, and only knows that he does not get enough greenbacks to buy food for his family, readily believes that this is because there are not greenbacks enough, and hence he clamors for more. He is naturally very sceptical as to the demonstrated truth that the greater the quantity issued the greater will be his deficiency. This, on its face, is to him a mystical paradox, directly opposed to the evidence of his senses; and yet he may readily perceive, that as the products are not thereby increased, giving to every man double the amount of greenbacks cannot enable the holders to buy double, or even add at all to the quantity of products which each can obtain. If, as generally happens, the additional issue is unequally divided, the favored class will gain at the expense of the others, who are thus very conveniently swindled of a portion of their rightful share. Our

legislators are presumed to be capable of understanding the subjects upon which they are to act; it is their duty to give the requisite thought and attention to them, and they can no more excuse themselves for wrong action by the plea that the people demanded it, than a druggist can excuse himself for administering arsenic to an importunate customer who thought it was white sugar. The fact, however, seems to be that a very small portion of the people desire either expansion of the currency or payment of the bonds in greenbacks. This small portion, being made up of active, pushing speculators and noisy demagogues, appears much more numerous than it really is. In the Chicago Convention, every section of our country being represented, these doctrines were rebuked with great unanimity, and the speeches of prominent Democrats encouraged the hope that they would be discountenanced by the New York Convention in July.

Necessity can no longer be even asserted. Profound thought and the actual experience of centuries have demonstrated that an inflated currency fosters gambling and speculation at the expense of regular industry; that it makes the reward of toil uncertain; diminishes product and increases the cost of its distribution to the consumers, and that it is demoralizing in its tendency. There is therefore no excuse for the lawmakers who now inflict it upon us, and no apology for their action, except that of an ignorance unpardonable in those who assume the duties and responsibilities of legislators.

It would be easy to show that our losses from inflated currency have already been more than $1,000,000,000, or that our public debt has been nearly or quite doubled by its use.

But independently of the increase of our debt and the diminished ability to pay it, which still continues as a consequence of our financial policy, the unequal distribution of the burden brought about by the same means is worthy of serious consideration. During the war the average depreciation of our currency was about 50 per cent.; in other words, the nominal prices of staple commodities were nearly double what they would have been with a sound currency. But the wages of labor did not advance in the same ratio. The risks of doing business upon such a fluctuating currency were so great that large profits were necessarily charged by those who risked *capital* in trade, or put it out in any way to be repaid by future production.

Hence, in the division of product, the laborers had to concede to the capitalists a larger proportion than usual, of course getting for themselves less than their customary share of what they produced.

Besides the laborers, there was another large class, upon whom economy and privation were thus enforced, including all those who were living on limited incomes derived from interest of money loaned by themselves or by trust companies and savings and other banks, or upon fixed salaries which were not increased with the depreciation of the current money, in which, by force of law, they were obliged to receive their dues. The effect upon all those was just the same as though Congress had enacted that all such should pay an income tax of 50 per cent. per annum, and collected it with unfailing certainty. Here was a monstrous wrong inflicted upon a large class, embracing a large proportion of the widows and orphans and most helpless families among us, and a wrong which, to the extent of the depreciation of the currency, we still persist in

inflicting upon them. Those who, with capital, have activity, ability, and skill to use it, obtain more than their fair share of products, and the laborers must take less; while those who, from age, sex, debility, or other cause, are unfitted for hard work or active business, must take a yet smaller share. Any man may now find, in his own neighborhood, families who have thus been compelled to submit to unwonted privation, or perhaps been obliged to choose between the physical pangs of hunger and the mental agony of dependence upon the charity of others. Often, no doubt, their sense of self-respect, their cherished hopes and honorable pride have forbidden them to complain, and their sighs have been heard and their anguish known only by Him whose ear is ever open to the cry of the weak and the oppressed. They have suffered in uncomplaining silence, preferring to starve rather than beg or excite a mortifying pity by exposing their destitution, while most of them have been as innocent of the cause of their suffering as the gazelle of the bow which speeds the fatal shaft.

Previous to the war, the South, by its peculiar institution, imposed all the burdens of the community upon an unprotected class, rendered helpless by ignorance and disabilities legally enforced upon them; and in our imposition of so large a portion of our burdens upon the weak and helpless there is something akin to this; though it does not involve the repulsive brutality of slavery, it too nearly resembles it in its injustice and its meanness. To persevere in thus taxing this class is a national disgrace, and for the wrong and the suffering consequent upon it the party in power and permitting it will ultimately be held responsible even by those who cannot logically trace it either to their

action or inaction. During the war more large fortunes, even at gold value, were here accumulated than in any previous period of our history, and with no corresponding losses among the trading and wealthy classes; and yet the aggregate spare income of the nation was then very much diminished, nearly all of it being absorbed in the cost of war. Nor except among the injured classes, to whom I have alluded, was there increased economy. It is then clear that these large fortunes must have been made up from the accumulated savings of the coerced economy and privation of the laborers and those living on limited incomes from salaries, rents, or interest of money. By the instrumentality of an inflated currency, their savings were concentrated in the hands of the active traders and grasping speculators. If this is an intended result of the legislation which continues to inflict this currency upon us without even a pretence of necessity it is a crime deserving the severest retribution; and, if this result was unforeseen, it betrays an ignorance which a very little thought would have enlightened, and which is therefore unpardonable in those who assume the duty of directing our national affairs.

But it is still seriously asserted that we have not currency enough. At a very recent period money was exceedingly scarce in the Atlantic States, and the West complains that it does not have enough. Reduce this sectional complaint to its ultimate, and every man will tell you he wants more greenbacks than he has got or can get, and hence, as each individual wants more, it may be inferred that the aggregate community wants more. Though this is not the form in which the advocates of expansion put it, some of their arguments amount only to this.

These advocates certainly do not mean to say that it is desirable to have a greater bulk, or greater number of current bills, without any increase of value; or that doubling or quadrupling their present thickness, size, or number, without any increase in their aggregate value, is desirable.

Some of those who demand expansion still assert that the depreciation of our currency does not arise from its excessive quantity. They say we have less per *capita* in this country than in England or France, and hence argue that we should expand rather than contract our issues. This argument is fallacious in many ways. If it is admitted that we have less than our proper share of the currency of the world, it is obvious that we shall not remedy this difficulty by increasing the volume of our paper issues, which, as already stated, will add nothing to its aggregate value; the value of each bill will lessen just in proportion as the quantity is increased. A man might as well say, I have not got as many dollars as my neighbors; I will cut each of mine in two, and still call each one a dollar. No one need object to this. Those who make exchanges with him on this basis may take his money at his new valuation and double the prices of their commodities. Diluting the paper currency by issuing double the quantity required will have the same effect as depreciating the weight or value of coins by one half. The warmest advocate for expansion will hardly assert that the end he desires could thus be attained.

But the amount of currency required by a country, or the share of the circulating medium of the world which properly belongs to it, depends upon so many elements that no inference drawn from its mere ratio to population is reliable.

A community in which each individual produces a large portion of what he consumes, will require less than one in which each sells the product of his own labor and buys his supplies of others.

The degree of confidence which exists among the members of a community is also an important element. If in April a manufacturer lets a farmer have iron or cloth on his verbal promise that in December he will in payment deliver corn from the crop he is then planting, and those employed by the manufacturer to make the iron or cloth will take his promise then to pay them in this corn, these exchanges can be effected without any other medium than words spoken. Or if the manufacturer takes the farmer's note payable in December, and gives his own to his workmen on same time, the exchanges will be made with a medium which the parties can themselves supply upon their own credit; and, on the day due, these notes may all be settled through a clearing house in which they balance, and thus the whole exchanges be effected without resorting to the general circulation. If they will not trust one another, then they must pay real value down, or substitute some acceptable credit, *e. g.*, pay gold or give the credit of the government in the form of greenbacks.

The great confidence reposed in each other enables bankers to establish clearing houses, with a daily saving of the use of millions in the settlement of their exchanges. It is evident, then, that such comparisons between communities diverse in character, and differing also in the amount and kind of business and in the mode of doing it, very imperfectly indicate the amount of currency required for each, and certainly such deductions should not be urged against the results of actual experience.

If we now admit that greater *value* of currency is desirable, we come to the question whether increasing the issue or any other legislative provision can accomplish this object? If Congress has the power of creating value without labor, or can enable us without limit to get the products of labor in exchange for that which costs no labor, how thoughtless, how remorseless in them to let us all be toiling and moiling at the plough, the loom, and the forge, to produce value which their mere fiat would create. Again, under the broadest admissions it would, in view of the facts, still be pertinent to inquire, if it would be expedient for our rulers to promise a dollar's worth of our labor in the future for seventy cents' worth down. The fact, however, is, that no addition to the actual value of the currency can be effected by increasing its nominal quantity.

It is universally admitted by all who have given any thought to the subject, that, other things remaining the same, increasing the quantity of coin in the world would not increase its aggregate value or purchasing power; that if the quantity were doubled, each dollar would buy only half of the products of labor that it would have done before such increase. The same would obviously be true of any section, however small, provided all interchange of coin or of coin metals with the rest of the world were rendered impossible. Suppose that in this country, labor being worth one dollar per day, and all other things in that proportion, 400,000,000 of dollars is required to make the internal exchanges. If the quantity of coin should, under the conditions just mentioned, be increased to $800,000,000, other things would be at double price, and in fact the value or purchasing

power of the $800,000,000 would be just what the $400,000,000 was before the expansion. It is a peculiarity of currency that its aggregate value, as compared with the exchanges it has to effect, cannot be altered by merely changing its quantity. The amount required will vary inversely as the rapidity of circulation (*i. e.*, with the greater or less amount of exchanges which a given sum can effect in a given time). This may be increased by mechanical contrivances for rapid movement, or by increased confidence among individuals, admitting of such institutions as clearing houses; but other things being the same, the actual value or purchasing power of the whole currency, be it one million or a thousand millions of gold or of paper, will be the same. This peculiarity, however, consists in the accuracy with which the depreciation may be comparatively stated, rather than in any exclusive application of the general principle which, with some modification, applies to other things as well as to currency. If, for instance, we had in this country double the quantity of wheat required for bread, and its export were impossible, it would fall to a price at which it would all be used. If, for instance, it were usually worth two dollars per bushel for bread, and there was no other use for it except to feed swine, and for this its value was only one dollar, its price would fall to one dollar. Currency as such has only one use, that of effecting exchanges. Any excess of it cannot be devoted to other purposes, and hence it must decline in price or exchangeable value till the whole is required for that purpose.

If, as before assumed, wages being one dollar per day and its products in proportion, 400,000,000 of dollars are sufficient and $800,000,000 are perma-

nently put in circulation, labor and its products will rise to double price, and the value of the $800,000,000 will buy the same amount or have the same aggregate exchangeable value that $400,000,000 had at the old standard. Its aggregate value would still be just the equivalent for 400,000,000 of days' labor, or its product, and no more.

These positions, true even of gold, are, obviously, at least equally true of paper currency made up of the most reliable promises to pay gold, and in regard to this the condition of non-export is at once reached. If our internal trade at gold prices requires only $500,000,000 and the government issues $700,000,000, its whole value will still be only $500,000,000, and gold will be at 40 per cent. premium, fluctuating to the one side or the other of that average point, with the varying conditions of supply and demand. The argument, then, that the government should increase its issues to make money plentiful, is wholly fallacious, such increase adding nothing to its aggregate value or its power of effecting exchanges.

Indeed, from some other considerations it has been demonstrated, that the practical effect of expansion must be to make money scarce. This was experimentally proved in the great inflation of 1834 to 1836, and again in that of 1844 to 1856. This however would not apply to a currency the credit basis of which was doubted. It is always easy to exchange certain value at very full price for doubtful promises of payment.

It is evident that in the case of a surplus of wheat above stated, a large crop might command less money than a smaller one, and it would then be to the interest of the holders to destroy the surplus quantity,

as the Dutch monopolizers did with spices. In the case of currency, the reduced value being the same, the owners of it would neither gain nor lose by destroying the excess. If we have seven dollars for every five needed, then if all would combine and every one burn two sevenths of all he owned, they would not individually lose anything, and would confer a great benefit upon the community — relieving it of the excess and its attendant evils. By the owners I do not mean those who merely have the current money in possession. They may owe it to others at whose charge the two sevenths should be destroyed, whether it be in their own pockets or in those of their debtors. But both wheat and currency are always in too many hands to admit of such combination.

The evils of a depreciated currency being admitted, the important question is, how can we best get rid of it?

We have now about $700,000,000 of paper, which, gold averaging about 140, is worth $500,000,000 in coin, indicating that the last amount is what is now required to effect our internal exchanges at gold value. This seems larger than the calculation founded upon the supposed amount prior to the war, the increase of our population and products, and the addition to the precious metals in the world during that time, added to the increase of the latter in other countries by the disuse of them in this, would justify; but it is impossible to ascertain how much coin entered into our circulation before the suspension of specie payments. This element is the more important because it counts in the estimate in two ways: first as indicating an amount to be replaced with paper, and again as adding to the quantity of gold in other countries to which

ours has gone, requiring a corresponding increase of currency here to keep our proportion good. We may therefore fairly assume that the gold value of our $700,000,000 of paper for use is $500,000,000. To get a gold basis we must correct this discrepancy between the nominal and actual value.

There are various modes of doing this. The most direct would be to withdraw $200,000,000 of paper. The government could do this by collecting that amount more than is required for its current payments and retiring it from use; or it could fund that amount, giving bonds which would be taken to get the interest, and not for use as currency; or it might require the National Banks to withdraw any portion of the amount, and surrender it in exchange for the bonds held as security for its issue. As the debts due those banks would all, by the process, become payable in gold value, they might thus withdraw the whole amount, and still be benefited by so doing. Another mode of rectification would be to depreciate our coins to five sevenths of their present value. People will now give five sevenths of a gold dollar for a paper dollar, and if the gold dollar were reduced to five sevenths, its present value, they would as readily exchange at par. In this case the whole paper issue now out would be required, and its actual value would remain the same, viz., $700,000,000 in the new coin, or $500,000,000 in the old or present coinage. The discrepancy between the nominal and actual value of our currency being corrected, in either of the above modes, the paper money would in fact become convertible into gold at par, and specie basis be practically reached without any law commanding it.

The depreciation of the coinage is so generally asso-

ciated with national dishonesty, that without good reason we ought not to think of subjecting ourselves to the suspicion which attaches to such a measure. There are, however, good reasons why *some* reduction should now be made. It is desirable to have the value of coins made uniform throughout the world, and to do this the readiest way seems to be to adopt that of France. This would require our gold coins to be reduced about 7 per cent. Nearly all the indebtedness among us is now payable in paper, which is about 28 per cent. below par. To return to a specie basis reduced 7 per cent. in value would relieve the debtors of one fourth of the difference at the cost of the creditor. If this were done, and with the requirement that all contracts properly payable in gold should be paid at the old standard, little injustice would be done; the faith of the nation would be preserved, and an important change be effected with less disturbance to trade than would result from making it under normal specie-paying conditions. Those who loaned specie value without stipulating for like payment would still be the losers by thus receiving only 93 per cent. of the amount in payment. But they would also lose as much in the value of their interest in less than three years, and a law which substituted paper for coin payments — a law which only necessity could justify — must entail some evils upon the community. With this reduction in the value of our coins we should only have to withdraw $160,000,000 of paper to reach specie basis, which could be very easily accomplished. The plan proposed by Mr. Endicutt of substituting compound interest notes for the amount to be withdrawn would tend to throw the contraction upon the periods at

which the currency could be most conveniently spared, and thus lessen the disturbance to trade; but that the contraction should begin at the earliest of such periods a portion of these notes, instead of four, should bear six per cent. interest in currency. This being much below the rate obtained on government bonds, may be regarded as a comparatively low rate, indicating abundant supply of money, and hence, that when that rate prevails, it is a proper time to contract. Without thus reducing the volume of paper to the quantity required to make the exchanges for which it is used, at gold value, or ample provision to do it, no law requiring specie payments would avail. As well enact that people should pay their debts whether able to or not. Something more than a legislative edict is required.

If with only $100,000,000 of gold at its command the government should resume, the gold would all be taken at once, and another $100,000,000 be demanded; for gold would still be at 20 per cent. premium. On the other hand, some recent writers of financial reputation assert that the government must as a prerequisite to resumption be prepared to redeem all the greenbacks with coin. This is an exaggeration of the difficulty, and tends to discourage the effort to surmount it. When the paper is so reduced that it is only sufficient to effect, at gold prices, that portion of the exchanges for which it answers as well as coin, the point of resumption or of actual convertibility at par is reached. Reduce the paper below this, and it would command a premium in gold (unless there was at the same time a like deficiency of gold for the purposes to which it was best adapted). This was clearly shown in the case of the $50,000,000 of paper issued early in

the war, and which was receivable in lieu of gold for duties on imports. So long as there was more out than was needed for this purpose, the notes of this issue were at a discount; but when the quantity was reduced they commanded a small premium in gold, not that they would pay more custom dues, but simply because they could be more readily, safely, and cheaply transferred from the debtor to the creditor — there being at that time no circulating notes or certificates representing gold.

Some writers of the same class think that legalizing contracts payable in gold would gradually improve the currency, and lead to resumption. That such contracts should be legalized is eminently proper. It seems strange they should ever have been forbidden. Nothing but the real or *supposed* necessities of war could justify such tyrannical restraint upon a people having any pretension to free government. It may, however, be doubted whether the effect upon the currency anticipated by these writers would be realized. In former cases of bank suspensions, when coin was the only lawful money, paper only was used as currency, and hence it seems very improbable that without this advantage gold would not now get into common use. But suppose it should, say to an equal extent with paper, the whole paper currency would then be applied to one half the amount of business for which it is now used, and consequently its value, instead of being 72, would be only 36 cents to the dollar. Experience does not encourage the hope that at this, or even a much greater depreciation, it would be discarded. At Buenos Ayres the paper currency has long been worth only three to six per cent. of its nominal value, and though very inconvenient and very destructive to their prosperity, the people there persist in using it.

The mere depreciation has no tendency to cause a portion of currency to be withdrawn. For the reasons before stated, its *real* value never can be in excess of what is required for the uses to which it is applied; and hence the demand for the whole, when there is only $500,000,000, is no more than if the quantity were tenfold the amount; and it is just as likely to be scarce or insufficient for trade with the greater as with the lesser quantity. Again, as before stated, no portion of a currency will be hoarded for eventual payment so long as it will command interest for use, and as interest is paid in kind, those hiring can afford to pay the same per cent. upon a depreciated as upon a sound currency.

LETTER ON WOMAN'S SUFFRAGE.[1]

PEACE DALE, *December* 10, 1868.

WM. F. CHANNING, ESQ.

DEAR SIR: Yours of yesterday is just received. I have important engagements for to-morrow, which will probably prevent my attending the Women's Convention, which I would be glad to do, as a listener and learner, and not as a speaker or instructor, for which I am not prepared. I confess myself in a quandary. If woman asks as a matter of right to have an equal voice with man in the making of the laws which govern both, I see no ground upon which it can with any pretence of justice be refused. The abstract right seems clear enough; and I fully agree with Emerson that it is for women to decide what their political station shall be; but this does not yet appear to be well settled even among themselves, for many of the sex still desire exemption from the cares and responsibilities of government,

[1] Now first published. It was written in reply to the following letter.

PROVIDENCE, R. I., *December 9th*, 1868.

ROWLAND G. HAZARD, ESQ.

DEAR SIR: In my capacity as business man for the Women's Convention, I have become aware of their strong desire that you should say something to them on Friday morning. Curtis has written a very eloquent letter, and the prospect really is favorable for making a decided impression. I think therefore that all cumulative influence we can gain will tell.

Even a few words from you on Friday morning would help the Convention.

Truly and respectfully yours,

WM. F. CHANNING.

deeming it better and more fitting that they should devote themselves exclusively to those important duties upon the fulfilment of which good government and good social institutions of all kinds so much depend. I deem it always safe to conform our action to the broadest abstract principle of right; but in this case the right seems to depend upon the wish of those whose political status is to be changed. This diversity among themselves pothers me even more in its practical than in its theoretical results. I meet a lovely, earnest, and talented woman, zealous for the proposed equality, and who can give a reason for the faith that is in her. Her arguments are irresistible and I yield willingly, but whether willingly or not, would make little difference, for the case is one which I would almost be disposed to except from our freedom of willing. Soon, however, I meet another bright and lovely woman, who is by no means ready to give up her admitted right to despotic sway for a divided and disputed sovereignty at the polls. She regards the opera box as more essential to her than the ballot box, and even contends that her sex in common with ours would suffer by the change. Her smiles and her wit are more potent than even Mr. Mill's logic, and again I have only to submit. Thus driven to and fro, the conviction is forced upon me that the two factions united would need no extraneous aid to carry any measures they attempted, and certainly would not require support from those whom they facetiously call "the lords of creation."

In view of the stupid blundering evinced in the results of government by the men, I am quite willing that woman should now come to our aid, and even to risk her doing any worse if the whole task should be

confided to her management. Experience so far, in the departments of family and school government, in which she has been tried, is in her favor. It is still questionable whether she is adequate to a larger sphere, or would succeed in guiding church or state. But here too the historic record attests her capacity. In that momentous transaction, unsurpassed in its magnitude, involving the interests of all mankind, for all time, she with rare intrepidity took the destiny of the race into her own hands and secured for her posterity the matchless, Godlike attribute of the knowledge of good and evil, giving up for it only that immortality which without such knowledge would be wholly insipid and worthless.

Not to provoke a comparison with the conduct of the other sex on that occasion, I will hasten to trace one in our own time. We all regard Seward as a very able and highly accomplished statesman; but compare his purchase of Alaska, giving millions of gold, now so much needed by us, for a sterile, frozen region of very doubtful value, with the exploit of Eve. True, Seward had to deal with the Russians, renowned for subtlety and skill in negotiation; but what was even their diplomacy to that which Eve encountered?

Those who do not accept the narrative literally, may still find in it typified the generous and aspiring nature, which, for the progress and elevation of the race, surmounts even the fear of death, and this nature the inspired writer has embodied in woman, not omitting a spice of that tact by which she is still distinguished and still rules and sways our destinies.

It may be that her peculiar talents, so far, have been more imperatively needed in other and more circumscribed, though not less important spheres; but

that, in the progress of events, the time has now come when she may, without danger to her more delicate sensibilities, descend to the arena of that political strife, — which, while it should be only a noble and generous conflict of opinion between those seeking the public weal, has, in the hands of the men, become so debased and selfish, — there to infuse into the affairs of government her elevating and refining influences, and there still to be

> "The intelligencer
> Between the grace — the Sanctities of Heaven —
> And our dull workings."

This were a consummation devoutly to be wished, and which I am not without hope may be realized in the present earnest movement. It is, at least, commensurate with the other great improvements by which our age is so distinguished, and no thoughtful man can regard it and its probable consequences but with the greatest interest.

GRANT AND COLFAX SPEECH.[1]

FELLOW-CITIZENS: To-day we here raise the national banner inscribed with the names of the chosen leaders of the loyal party of a yet sovereign people, and the representatives of the principles it asserted at Chicago; with the names of men who have illustrated our recent history, and who by their honesty, wisdom, energy, and patriotic devotion have fairly won this proud position, the honored names of Grant and Colfax.

We unfurl this flag in the hope that the refreshing breeze of the gentle zephyr in its graceful folds will symbolize the return of harmony and of health, vigor, and prosperity to our whole country. But, if our halcyon days have not yet come, — if we are yet to be buffeted by the tempestuous waves raised by the hurricane which has swept over us, we will again in the elemental storm entrust the national flag, the national interests, and the national honor to the hands of one who, already tried in the storms of war, has borne that flag in triumph in many a hard-fought battlefield.

Not far from us may be seen other flags inscribed with other names representing other and very different principles, the principles avowed by the Democratic party at New York.

As freemen, exercising the right of self-government,

[1] Delivered in Peace Dale, October 3, 1868. Now first published.

you are to select an agent whose duty it will be to execute the laws which, by other agents, you shall ordain. You will choose between the man who successfully fought the battles of freedom, adding to the renown and glory of our republic, and the man who did all he dared to prevent that success, and to whose action or inaction must be ascribed that most disgraceful New York riot which has left so foul a blot upon the otherwise glorious record of the North. The meanness and atrocity of that infamous outrage was exceeded only by the torture and cold-blooded butchery of Northern men at Libby and Andersonville.

But it is to some of the issues involved in the *present* contest that I would now invite your attention. Conspicuous among these is the reconstruction of the rebel States. The subject is new and full of difficulties, not the least of which is that of the suffrage of the freedman. We have no experience to guide us, and the framers of our Constitution did not anticipate such conditions as we are now to act upon. It is urged, and not without show of reason, that it is unsafe to give the right to vote and to influence the legislation of States, to a large mass of ignorant men, lately relieved from the degrading influence of slavery. Such material for constructing a government is certainly not so good as we would desire. But have we any choice in regard to it? Let me illustrate our position by an occurrence in a neighboring State. The little town of Juan had a very bad reputation, but with outside aid a church was established in it; one of the deacons soon acted in a manner so inconsistent with his office that he was severely reprimanded, and threatened with expulsion if he did not behave better. Soon, however, he did something still more flagrant and disreputable,

and, at another church meeting, speaker after speaker insisted that such a deacon was a disgrace to the church, and that he must be expelled. At last, however, one, taking a more comprehensive view of the situation, said he did not know about that: if the Lord would have a church in Juan, He must have such people as were in Juan to make it of. And so, if the rebel States are reinstated, if we have union organizations in them at all, we must have such union men as there are to make them of. Nor is the case so bad as at first might be supposed. Where people are permitted and encouraged to learn, not to know how to read indicates great moral or intellectual deficiency, but there is no such implication as to those who have no opportunity, and more especially as to those who are forcibly restrained from learning. Among these may be many men of high character and superior natural ability, men of good common sense and practical judgment on the actual affairs of life. It is said the negroes are a feeble and inferior race. Was Toussaint L'Ouverture, the black hero of St. Domingo, whose military genius excited the envy of the first Napoleon, deficient in force or in natural ability? Was the blood in the veins of that little colored boy, who, when the demoniac mob of New York burst into the room in which he and his mother lived, cried out, "Kill me, but don't hurt my mother," less gentle or less generous than that which comes through whiter clay? Judge ye between this boy and that *friend* of Seymour, who, unmoved by the appeal of childhood, untouched by this exhibition of filial love, with a rusty and already gory bar of iron, cleft the brain which apprehended and stopped the throbbing of the heart which prompted this noble utterance.

The treatment of the African race makes the darkest page in American history. They have been long subjected to the most cruel bondage, compelled by torture to work for others, robbed of all their rights, of the products of their toil and even of themselves, and doomed by force to helpless ignorance and degradation.

And this infamous system of wrong, this impious doctrine of property in man, which, against the fiat of the Almighty, declared that to the slave no light shall be, and debased and crushed the spirit which He had made in His own image and endowed with the Godlike attributes of knowledge, sensibility, and free action, was for generations acquiesced in by a people claiming to reverence God, to love justice, and worship liberty. True, there was ever found, here and there among us, men or women, a Garrison or a Phillips, a Brown, a Mott, a Kelly, or a Stevens, ready, not only to denounce it, but to give earnest effort against it, and nobly sacrifice property, political and social position and influence, and if need be, life itself, to extirpate this enormity. Do we blush that there were so few such, and that even mere pecuniary considerations, the demands of trade, often outweighed the demands of justice and humanity? We may remember that throughout the whole world, through all time, there have been few men willing to give their lives or even abandon their interests and their ease for the benefit of the despised and the oppressed who had nothing but the gratitude of feeling hearts to give in return.

But these few are the true heroes of our race, and among them the Muse of history, in one of her proudest alcoves, is now writing in letters of gold, the names of Lloyd Garrison and of John Brown of Ossawattomie.

The blacks of the South are eminently a trusting, loyal, and inoffensive race, with no disposition to revenge, and prone to suffer rather than resort to violence. They may at least be trusted with suffrage on the same conditions as the whites of that section. That there will be some suffering growing out of this ignorance must be expected. It is not in the order of Providence that such a monstrous wrong as that of keeping a whole race in coerced ignorance for generations should not react upon and punish the oppressor. For such crime, God can grant no immunity. The natural consequences must follow the offence.

And these are now upon us. We of the North, who so long acquiesced in this foul wrong, cannot wholly escape. But, be the consequences what they may, there is one thing we cannot do, — one thing which every principle of justice, every feeling of humanity, every sentiment of honor, forbids us to do.

We cannot so debase ourselves as to surrender our loyal allies into the hands of the rebels whom they aided us to subdue. Every feeling of manhood revolts at the bare idea of such consummate meanness, such abject degradation. And how would they fare? Their former masters contended that capital should own the laborers. They now contend that the capitalists, the employers, shall control the laborers, and threaten to starve them if they do not vote as they are bidden to. Are the laborers of the North ready to engraft this idea upon our free institutions, or to give it a foothold *anywhere in this country?*

Wade Hampton, one of the very best specimens of Southern rebellion and Southern character, — a man of whom it is but justice to say that among his equals he is generous and noble in action, — still recognizes

no political right in the negro, nor even in the poor whites, which he is bound to respect. He says: "Agree among yourselves and act firmly on the agreement that you will not employ any one who votes the radical ticket."

The Richmond Enquirer says: "The white men of the Southern States have seen the day when they could use the bullet, and if God in his anger permit the necessity to arise, they will use it again."

The Meriden (Miss.) Mercury says: "With the skull and crossbones of the 'Lost Cause' before us, we will swear that this is a white man's government. We must make the negro understand that we are the men we were when we held him in abject bondage, and make him feel that he has aroused a power that will control or destroy him." The Jefferson (Texas) "Ultra Ku Klux" answers the question, "How shall we obviate a war of races? There is no way under the broad canopy of heaven without it is driving from our midst these low, mean white men. With these out of the country, the negroes and white people could get along peaceably and quietly; but if they are allowed to remain in our midst, just so sure we are bound to have a war of races; and when one drop of blood is spilt, we predict it will flow as freely as does the Mississippi."

The Memphis Appeal thus encourages the work: "Go on, boys. Swear to murder Northern Huns! Arm yourselves and organize and be ready to respond promptly when called on." And the Ku Klux is organized, and with its boasted army of 40,000 men promptly responds to every call to murder loyal men, black or white, Northern or Southern.

Governor Vance of N. C., another very fair speci-

men of a rebel, says: "By the election of Seymour and Blair, all that the Confederacy fought for will be won." He before told the Southern soldiers "to pile hell so full of Yankees that their feet would stick out of the windows." A very nice amiable set of gentlemen these, to protect and take care of our friends at the South. It should be borne in mind that not a single rebel has suffered the penalty of the law for his treason, while thousands of loyal men have been driven from their homes and property, tortured or murdered for their devotion to the Union. How long will the loyal men of the North submit to this treatment of their faithful allies at the South?

The rebels seceded and made war upon us. As victors we had the right to fix the terms of peace; a right which we have shown every disposition to exercise with the greatest moderation. We might, very properly, have disfranchised them as a means of safety to the Union, and of protection to the loyal citizens among them. Many of them expected nothing less.

They have mistaken the magnanimity and generosity of conscious superiority for imbecility, and now, with an insolence encouraged by the action of President Johnson, demand that they should have the sole power and deal with their loyal citizens as they see fit. They are actually outlawing and hunting them down, as they formerly did their runaway slaves. This terrible state of affairs is mainly to be attributed to the encouragement they have received from the position and action of the President.

But, bad as it now is, what can we expect in the future if Seymour and Blair should be elected? This is, perhaps, too remote a contingency to occupy our time, and yet it may be well to look at it. Johnson

acknowledges his obligation to execute the laws, but either does not perform, or does it so tardily and inefficiently, that its protective power is lost.

Frank P. Blair, one of the Democratic candidates, announces that it is the duty of the President to use the army to defeat the action of Congress; to defeat the laws which are the expressed will of the people. Have you considered what this means! Our freedom lies in the right which we have to be governed by laws of our own making. It is wholly in this — the right of the people, through their agents in Congress, to make the laws, and the right to have these laws executed by the President, whom they select for that duty. For this purpose, — to execute the will of the people as expressed by their representatives in Congress, — the army is placed at the command of the President. But Mr. Blair says it is the duty of the President to use this army to *oppose* the lawful action of the people. If the people tamely submit to this, it would be another *coup d'état*, like that by which Napoleon III. destroyed the liberties of France, and with the army at his command, made himself its despot; and if the people do not submit, then it is civil war at the North and at the South, with the Democratic party pledged by their action at New York to take part with the executive and the army under him, against the rest of the people. For the Democratic party nominated F. P. Blair with full knowledge of his opinions and designs, and it was upon his letter, asserting that the President ought thus to use the army against the people, that he was nominated by their convention at New York. The Southern people so accept it, and distinctly hold that the Democratic party of the North is pledged, if successful, to use the army against the people. That this

is not more distinctly stated in the platform is accounted for by them. Wade Hampton, who was one of the delegates, in giving his own account of the New York Convention to his constituents in South Carolina, said: "Gentlemen were there from North, South, East, and West, and by all we were met with extreme cordiality. They said they were willing to give us everything we desired, but we of the South must remember that they had a fight to make, and it would not be policy to place upon that platform that which would engender prejudice at the North."

The party has attempted to carry out this same policy of deceiving the Northern people as to its intentions and to prevent even their Southern friends from expressing the real designs of the leaders. The Charleston Mercury, the prominent organ of rebellion, thus instructs its readers: "Private advices from our most strenuous friends at the North request that we should protest against the imprudent expressions that have escaped some Southern speakers since the adjournment of the National Democratic Convention. It is represented to us that great injury is accruing to the cause from such imprudence. We, therefore, shall make no apologies for asking the attention of our public speakers to the fact." The Richmond Whig gives the same warning: "Dry up! We of the South should be wary and circumspect. As the canvass is opening — a canvass upon which just all our hopes of relief and redemption depend, we should studiously abstain from saying, writing, or doing anything that can be tortured into evidence of such design. The battle is to be fought by the Northern Democracy, and we should not commit the folly of crippling their arm. We left the convention, the nominations and the platform to

them, and for the same reasons we should leave to them the conduct of the campaign. Let us resolve that it shall not hereafter be alleged against us that our passion or indiscretion lost them the victory, and us and our posterity a participation in its benefits."

But notwithstanding all this caution, the Southern men cannot be kept quiet. They cannot keep the secret that the submission of the North, that a bloody revolution is intended. There is evidently a disposition to have it concealed, but it will crop out. The St. Louis "Times" says: "There is but one way to restore the government and the Constitution, and that is for the President-elect to declare these (Reconstruction) acts null and void, compel the army to undo its usurpations at the South, disperse the carpet-bag state governments, allow the *white* people to organize their own governments and elect senators and representatives." The St. Joseph "Vindicator" asserts that, "Forty thousand able-bodied fighting-men in 'Free Misery' alone, are sworn to do battle 'if need be for the right!' And if Tom Fletcher, the felon, and his horde of outlaws resist, hell 's ahead!" and further says: "Our readers will please remember that for our long and persistent advocacy of our glorious doctrines, which General Blair announces in this letter, we have been abused and decried by so-called 'Democrats' (Devil save the mark!) as a 'revolutionist and hare-brained fanatic!' For his fearless assertion of the principles for which the 'Vindicator' has been almost universally vilified, General Blair is now the nominee of the Democratic party for the second office in the gift of the nation." Again the Georgia Democratic Convention: "There might once have been a necessity for the rebels of Georgia to submit to the military

authorities, but there is none now. The *Democratic chivalry of the North* are marching to our rescue." But the Northern Democratic organ, if it does not make good the assertion of the Southern "Memphis Avalanche," that "the North is far ahead of the South," at least shows that the Democratic wing at the North is not far behind the Southern. Wade Hampton only proposes to starve the loyal men and make war on them. The "La Crosse Democrat" threatens to add assassination to the other horrors of civil war. It says: "At Jefferson, Texas, has just been issued the first number of a paper called the 'Ultra Ku Klux.' Look out for dead niggers. When a rogue like Thad Stevens, for instance, arrives at a ripe old age, would n't it be proper to pick him off with a pistol shot? It devolves on our Democratic journals and speakers to warn the people against the satanic white nigger mobs known as Christian associations, aid societies, mission clubs, etc. Democrats, avoid them as you would the plague!"

But the Mobile Tribune keeps par with this and directly threatens our members of Congress that the fate of the beloved and martyred Lincoln awaits them. "The great Democratic party will rise in its might and majesty and pulverize and purge the Congress, just as Cromwell purged the Long Parliament. The signs of the times are pregnant with resistance to Radical tyranny, and *the dagger of Brutus may aid* in accomplishing our redemption from Radical rule, rum, and usurpation."

The same paper says: "If we are successful in the approaching contest, we shall gain all that we lost in the 'Lost Cause.'"

But I must not weary you with extracts to prove

this point. It is clear on the face of their own statements, that the Democratic party in convention at New York, virtually, by the nomination of Frank P. Blair upon his letter, promised the leaders of the rebellion that they would use the army to enforce rebel doctrines, and against the loyal people. It may be that they do not intend to fulfil this promise, and even if they do, and should get into power, the experience of the late war gives ground for hope that they could not carry the rank and file of the party with them — that these would again prove loyal to the government and to civil liberty; but there is still ground to apprehend that the election of Seymour and Blair would be regarded as license to the Ku Klux Klan to extend its outrages and be the signal for the massacre of thousands of loyal men when their victims are now only counted by hundreds. Our friends there assert that this consequence will follow the election of the Democratic candidates, and implore us to save them from such a fate. Is there any Democrat in our midst who in view of the facts will risk such a result and by his vote encourage these assassins?

And so now the Democratic party has seen to this and provided him with a friend in advance, able and ready to inaugurate this civil war and lead the army on to the butchery of loyal men. A man more fitted by worthless ambition and reckless energy for such a diabolical work it were hard to find. The party fully rely upon him to do what he has so fully promised them to do, as well it may. Well may the South claim that with his election the "Lost Cause" will be won. Well do they argue from the fact that Blair's letter procured him the nomination for Vice-President, "that the North is far ahead of the South. They are

ripe for revolution;" and alluding to Northern radicals they say, "Blair has devoted himself to undoing their infamous work." They know from the character of the man that he will devote his life to this "work." Yes, he is the man to attempt the daring deed of establishing a military despotism in this land of liberty. The liberty of speech, without which no other liberty can long survive, has already been almost annihilated at the South. That it still survives at the North is attested by the fact that a man can now openly advocate opposing the power of the army to the will of the people and thus bring upon us the horrors of civil war, without provoking the use of the gallows or the gag. I would not have it otherwise. Let us trust to the power of truth, and to the intelligence of the people. Even the freedmen are fully competent to comprehend and judge this issue thus clearly made between civil liberty and military despotism.

CONSTITUTIONAL RIGHTS.[1]

THIS suit is brought in virtue of "an act making appropriations for legislative, executive, and judicial expenses, and for other purposes," approved March 3d, 1873.

One striking feature of this act is that it singles out a few individuals to whom alone the act applies.

Another is, that it gives the complainant the power to select the district in which to try the cause, and of course also the judge by whom it shall be tried.

The first feature is utterly repugnant to that equality of the citizens which has always been claimed for our institutions, and regarded as an essential and fundamental element of our whole system of government. In view of the prominence always thus accorded to this element of equality, it may seem strange that it is nowhere specially asserted in the Constitution — nothing in it directly requiring even that the laws shall be equal to all citizens. But the very first utterance of our nation — its natal cry — was "all men are created equal," and the framers of our Constitution did not deem it necessary to formally assert and reiterate in it a truth which they had already most solemnly declared to be "self-evident." To them it would have

[1] Argument before the United States Circuit Court, District of Connecticut, September, 1873, in the case in equity of The United States of America *vs.* The Union Pacific Railroad Co. and others.

appeared as needless to provide that the laws should be equal to all citizens, as that all should have equal right to breathe the common air.

This principle of equality might then well be presumed to so underlie and permeate our whole system as to be an essential portion of it and of the fundamental law.

But it is not necessary to show that the making of partial or unequal laws, or of laws applying only to particular specified citizens, is forbidden, for it is sufficient that no power to make such laws is conceded by the States to the general government.

Suppose a clause had been inserted in the Constitution saying, "Congress shall have power to make laws which shall apply only to such citizens of these United States as it shall designate, all others being wholly exempted from such application." Would a constitution with this provision have been ratified? Would a single State have accepted it? Would one of them have consented that Congress should have the power to make laws which in its discretion should be applicable only to citizens with red hair, or with pug noses, or to any other specified descriptions of United States citizens it might choose to designate? The concession by the Constitution of a power so monstrous, so inconsistent with the political sentiments then prevailing — so repugnant to the ideas of the men who made it, and to the general spirit of the instrument itself, should be admitted only upon the most conclusive positive proof. It should appear in plain and unequivocal expression, or, at least, by obvious or irresistible inference. It is clear that no such power is *directly* given, and, if given at all, it must be inferred from the grant to Congress in Sec. 8 of Art. 1st, "to make all laws which shall

be necessary and proper for carrying into execution the foregoing powers and all other powers vested by this Constitution in the government of the United States, or in any department or officer thereof." But to the execution of which of these powers is this law *necessary* and *proper?* It may be a convenience to the government, every complainant would no doubt deem it convenient to have the power to make laws to fit his own particular case, at his own pleasure, but such convenience does not argue that the exercise of such power is necessary and proper.

More might properly be urged upon this point of inequality which will perhaps sufficiently appear in analogous suggestions upon the particular application of it to the case in hand, making the second feature referred to, and to which we will now turn. In regard to this we would, as before, ask, if the Constitution had explicitly granted to Congress the power to enact that citizens of Massachusetts might, by legal summons in their own State, be required to go to Georgia to answer bills in chancery, or, failing to do so, have valid judgments taken against them, and vice versa, citizens of Georgia be thus required to go to Massachusetts; would such Constitution (even if this provision were *general as to all citizens*) have been ratified by the requisite number of States, or even by a single State? If there is any doubt as to this, there can be none that a constitution, which, instead of making this grant general, expressly empowered Congress to select out and inflict this hardship on such citizens as it might designate, would have been rejected.

How would men who had just held that the act of their old government in obliging a few legislators to go some fifty or one hundred miles to make the laws,

was ground for revolution, have regarded a proposition to give their new government power to compel any or all of its citizens to go thousands of miles to have the laws administered?

Such power should not be lightly assumed or inferred. It is nowhere directly conferred, and it does not appear to be "necessary and proper" for carrying into execution any of the granted powers. In the case of individuals it would be a great convenience for any complainant to be able to compel respondents to come to his vicinity for trial, but even such convenience can hardly be urged in the case of the government which, with its officers and attorneys, has its residence and is nearly equally present in each of its judicial districts.

It may however be said that either individual or government complainant might find great *advantage* in fixing the place of trial, and as a consequence getting the selection of the court and of the community from which the jury would be drawn.

Either could, in such case, select the judge or the community from whose known opinions, or other cause, the most favorable results might be expected; but the government would still have the advantage in this, that it could sometimes select a district in which it would at the moment have the appointment of a judge. But these reasons, from convenience or advantage, militate against, rather than favor, giving a complainant, and especially a government complainant, the power of selecting the place of trial, and are far from showing that such power to the government is "necessary and proper" for carrying into execution any of its granted powers. The government, of all complainants, has all proper means to try its causes at the places regularly established by general laws for that purpose,

and in its hands the power to choose the place of trial would be most liable to abuse and most dangerous to the rights and liberty of the people.

But we recur to the question, to the execution of which of the powers of the general government is this law "necessary and proper"? To levy and collect duties on imports is one of the most important and necessary powers of the general government, and for this, exclusively its function, the largest latitude admissible in any civil case would be accorded to it. But under the Constitution, would it be admissible for Congress to enact that all the owners of the ship Victor, of New York, suspected of having smuggled her cargo of sugar, should, without regard to their residence or to the district in which the smuggling is alleged, be required to try the case in the courts of Utah? or, to make the case more analogous to the one in hand, that all the owners and officers of said ship, and all who bought, sold, or used the sugar, should be called upon to go to Utah, to there ascertain and answer the charges or have judgment taken against them? In these might be included some unfortunate traveller who at the Tremont House, in Boston, put a spoonful of the suspected sugar in his coffee. The most trifling pretext would suffice for bringing a suit which, whether lost or won, would be ruinous to most parties required to go thousands of miles to defend it, and even to learn the ground of the complaint against them.

It cannot be that such power was *intended* to be given to the general government, and it does not appear that it *is* given either directly or by implication.

If instead of looking to the powers granted to the general government we turn to the avowed objects of the Constitution, we reach confirmatory results. These

objects are specifically stated to be, "to form a more perfect union, establish justice, ensure domestic tranquillity, provide for the common defence, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity."

This law is certainly not to "provide for the common defence," and a law so partial in its application can hardly be presumed to be such as was contemplated "to promote the general welfare." And how would a power under which Hoar and Sumner might, on a complaint for libel or injury to slave property, have been summoned from Boston to be tried by *their* loving brethren in South Carolina, tend "to form a more perfect union, establish justice, and secure domestic tranquillity"? And how can this power of *discrimination*, by which the government can reach any obnoxious individual by laws in which the public have no immediate common interest with him — no interest to prevent, resist, or repeal — "secure the blessings of liberty" to anybody? On the contrary, the exercise of such power of discriminating as to the objects of the laws subjects every one to the arbitrary will of the government. THIS ONE POWER WOULD OF ITSELF CONVERT OUR GOVERNMENT INTO A DESPOTISM.

If with such power it could not do what the Persian Shah thinks a government very properly may do, directly put to death any obnoxious individual, it could, by thus discriminating against him, deprive him of the means of living.

Under our system, the security of the individual, in regard both to justice and liberty, should and does rest, not in the mercy or forbearance of any superior power, but in the fact that he is subject only to gen-

eral laws, which apply alike to all others, including those in whom the law-making power eventually resides, so that all have a common interest in making them protective and just to all.

The black code in the slave States did not apply to white men, and just in proportion as laws discriminate do they tend to enslave those who are discriminated against. By such discrimination a minority may always be enslaved, and even a very large majority, if unorganized, would not be safe against a small organized minority. With such power the government would have its hands at the throat, or its foot on the neck of every citizen.

This law, then, is not conducive to any of the avowed objects for which our government was established, but is wholly subversive of some of them, and is neither directly nor indirectly warranted by the Constitution.

The parties to our constitutional compact were not generally lawyers, and some light may be shed on their intentions by the consideration that in popular acceptation, as well as in philosophical application, generality and uniformity are essential characteristics of law, as also of rule, the term by which law is generally defined. In proportion as a command of the government loses these elements it approaches the despotic, which it fully reaches when these elements are entirely excluded, and each case is individually decided by the sovereign will. Its decisions or commands are then edicts, rather than laws. The act we are discussing is destitute of these elements, and is essentially despotic. It is an edict, rather than a law. Our government is empowered to *make laws*, not to *issue edicts*. This is the prerogative only of despotic governments.

Though the framers of the Constitution had no such apprehension that Congress would assume this power of special or discriminating legislation as to suggest or induce its direct prohibition, yet that they had in mind some lurking ideas of the distinction here suggested as founded on the popular and philosophical acceptation of the term law, appears probable from the fact that Congress, in the exercise of all its powers touching the States, or citizens of the States, is empowered only to *make laws*, while in regard to those districts of country over which its full jurisdiction was contemplated, it is empowered to "*exercise exclusive legislation*," or "*make all needful rules and regulations.*"

A distinction in the phraseology so marked, in such a document, can hardly be regarded as accidental, but must be deemed to have some significance, and especially as in this significance lies the only assertion of that equality of the citizen before the laws which it was no doubt intended to secure.

Our Constitution was framed by a convention composed largely of laymen, and made valid by the acceptance of the people through their immediate representatives selected with little reference to their callings, and should be construed accordingly. I had therefore intended in this argument only to supplement those of the learned counsel in the cause with the views of a layman, seeking no legal authorities or advice; but after having said all that I expected or intended, I accidentally met with a quotation from Blackstone, by which it appears that the necessary elements and consequent limitations of the term law, which I have just insisted upon as popular and philosophical, are fully and unequivocally recognized in its

legal application. In the Dartmouth College case, Webster, speaking of laws passed by the New Hampshire legislature, the powers of which were probably less restricted than those of Congress, says, "Are then these acts of the legislature, which affect only particular persons and their particular privileges, laws of the land? Let this argument be answered by the text of Blackstone," from which he quotes as follows: "And first, it (*i. e.* law) is a rule; not a transient sudden order from a superior to or concerning a particular person; but something permanent, *uniform and universal.* Therefore a particular act of the legislature to confiscate the goods of Titius or to attaint him of high treason, does not enter into the idea of a municipal law; for the operation of this act is spent upon Titius only, and has no relation to the community in general; it is rather a sentence than a law." And is it not true of this act that its operation is spent upon the particular persons therein designated, and has no relation to the community in general? If so, according to Blackstone, it is not a law but a sentence, or perhaps in this particular case, as I have already suggested, it is an edict.

Sustained by such authority, I feel justified in claiming for this point in the argument a weight and importance even greater than I anticipated. Indeed, if Blackstone is authority for the definition of law, or was so regarded by the framers of the Constitution, it seems conclusive.

This law, or, to speak more correctly, this act, is obviously a very great and a very dangerous stretch of the power of the general government over individuals, going far to deprive them of that protection which, under our Constitution, it was expected and intended

that each State would extend to its own citizens; for what protection can a State afford to one who is liable to be thus forced to go to another jurisdiction for the trial even of his acts and transactions in her own territory?

The slaveholders with all their arrogant assumption, their vehement rage, and their frantic efforts to reach and punish Northern abolitionists, never attempted to engraft on an appropriation bill a clause by which Wm. Lloyd Garrison, Charles Sumner, and Wendell Phillips might at the suit of Mr. Sampson Slavetrader, be summoned in Boston to go to New Orleans to learn in what they were complained of, and answer thereto; or that, failing in this, a decree should be made against them for such amount as said Slavetrader might claim, and that all the judicial and military power of the nation should, if necessary, be everywhere put in requisition to enforce the decree so obtained.

Great as was their contempt for the "northern doughfaces," they never presented to them the alternative of voting for such a bill or stopping their own pay.

But if this law, this product of the madness of the hour, is sanctioned, we may hereafter expect to see unprincipled members of Congress (and such it is unfortunately and mortifyingly evident sometimes get into that body) frequently seeking to get into appropriation bills clauses which will make the government fight their battles and destroy their enemies. Instead of the open and comparatively manly strife which now marks our contests for political ideas or official position, we shall have the stiletto masked and covertly used in a bill to provide for current expenses.

Among the Anglo-Saxon race it has long been the boast of the bar that it has sturdily resisted the attempted encroachments of arbitrary power. But if the encroachment with us is to assume this form — if the sticks of the bundle are to be broken singly by laws and proceedings like the present, the government will have in its service a standing army of lawyers, which, its pay being unrestricted by law, will be more expensive than an ordinary army, and with swords edged on the one side by the sharp legal practice which a too lax public morality permits, and on the other by the vicious legislation which it engenders, will be more formidable to the people and more dangerous to their liberties than a standing army of soldiers with bristling bayonets and booming artillery.

In conclusion, I would respectfully suggest that, if this court has any doubt as to the constitutionality of this law, it should decide it to be unconstitutional, that the question may at once go to the Supreme Court for final decision, without first trying the 175 cases which under it have been included in this one bill. It would be proper to do this if it were only to save the government complainant the expense, and the courts the time and labor of trying all these cases before it is ascertained whether such trials are necessary or will avail anything. But this course is still more imperatively demanded by the rights of the defendants. The English chancery courts have recently held that in cases in which powerful corporations are arrayed against individual litigants, the leaning of the court in cases of doubt should be with the individuals; and the reasons for this are more potential when the power and influence of the government is brought to bear upon private citizens, especially when, as in this

case, the defendants, whether in fault or not, are all liable to be very seriously injured, and some of them, though entirely innocent of what is alleged, to be ruined by this proceeding of the government against them; for the fact is, and a fact so universally attested in the experience of corporations, that it may be assumed, that among these stockholder defendants are some who knew nothing of the transactions between Oakes Ames and the trustees, and still others who, as proved before the committee, with more or less knowledge of these transactions, did all in their power to prevent their consummation, being unwilling to assume the risks thereby incurred, and some of whom would yet be wholly ruined by the expenses incident to such a suit, including the cost of going to Hartford and procuring a copy of the complaint (for the government did nothing more than command us to do this, and inform us that if we disobeyed, judgment would be taken against us).

But above all these considerations of economy to the government, and the saving of the time and labor of this court, and even above that of justice to the individual parties, rises the far higher consideration of the obligation, the duty of the judiciary, as the bulwark of constitutional supremacy, to resist the encroachments of unauthorized or despotic power and keep every department of our government within its appropriate sphere. In a case like the present this duty should be performed as promptly as possible, — no deference for a coördinate branch of the government, however decorous, — no modest diffidence, however graceful in a court which may look with filial reverence for instruction and guidance to one of higher authority, should arrest its prompt action in

the discharge of this paramount duty, and thereby give even a temporary validity to a law so hostile to our most cherished national ideas, so fraught with danger to our political institutions, so subversive of justice and so destructive to that liberty and equality which we proudly claim as our prominent characteristics.

THE TARIFF.[1]

THE proper adjustment of the tariff now involves important considerations which would not have arisen in *de novo* action. The battle for actual practical protection was successfully fought under the masterly political leadership of Henry Clay, and the theories upon which it is founded had a very able, sincere, and devoted advocate in the late Henry C. Carey. His views harmonizing with those generally held by the producers of iron, coal, sugar, wool, and hemp, and by most manufacturers, enlisted a large popular interest in favor of their practical application.

Such application was strenuously opposed by the cotton growers of the South and the commercial interests of the North. The city of Boston manifested its opposition in the encouragement it gave to an able pamphlet by Henry Lea; and the battle for the cotton growers was most persistently fought under the leadership of John C. Calhoun, whose elevated personal character and intellectual ability gave him great influence in his section. He was unfortunate in the enunciation of his forty-bale theory, as it was termed, which asserted that if the government imposed duties on imports to the extent of 40 per cent. the planter who produced 100 bales of cotton was as a consequence of such duties a loser to the extent of 40 bales of it! The theory found few advocates outside of South Carolina,

[1] Written in 1885. Now first published.

but in that State the opposition to the protective system took the form of intense excitement culminating in nullification. The State was by no means unanimous. The Charleston Courier, the leading paper of the State, espoused the cause of the Union, and its then most gifted poet, the elder Timrod, wrote his famous Union ode beginning, —

> "Sons of the Union, rise!
> Stand ye not recreant by, and see
> The brightest star in Freedom's galaxy
> Flung sullied from the skies!"

This ode Grimkee, one of the leading lawyers and finest scholars of that State, said was inferior only to

> "Scots wha hae wi' Wallace bled."

If this praise was extravagant, it was but the more significant of the temper and feeling of the opposing parties. The social fabric was shaken to its foundation, friends of long standing were estranged and families divided, children very often espousing the cause of nullification while the parents adhered to that of the Union, and on more than one occasion actual strife was imminent in the streets of Charleston, and was with great difficulty prevented by the efforts of some of the more prudent of the leaders.

Politically the State was for nullification, and laws were enacted looking to actual resort to arms, if necessary, to sustain it. Armed resistance to the State was made a capital offence punishable with death without benefit of clergy. At the same time General James Hamilton, an active and influential citizen and political leader, had taken the preparatory steps to test the validity or supremacy of the law. He had ordered a cargo of sugar from Cuba, on which the intention was to refuse payment of the duties, and use such armed

forces of the State as might be requisite to overcome any resistance of the United States officials. President Jackson anticipated this action, issued his famous proclamation, and sent United States troops to the forts in Charleston harbor. This prompt, decisive, and determined action by the President, with the want of unanimity in the State and of cordial coöperation in the other Southern States, crushed the hopes of the nullifiers, and the duty on the sugar was quietly paid, and nullification was then practically arrested. Its advocates had failed to unite the South in forcible resistance to the tariff enacted by the federal government. The scheme was virtually abandoned. But the question of slavery, and especially as to whether slavery should be admitted or proscribed in the new States as they were formed from the Territories, was immediately substituted for the tariff agitation.

Previous to this, intelligent slaveholders had very generally either admitted that slavery was wrong and an evil, which they contended was fastened upon them by inheritance, and which they saw no available means of getting rid of; or they refused to discuss the subject at all on the ground that it was a domestic institution which the free States had no right to meddle with.

The emergency of the creation of new States, and the persistent demands of the free-soil party of the North that freedom and not slavery should be recognized as the national policy, led the South to abandon its Fabian tactics and enter into open conflict in defence of its *peculiar institution.*

One result of this was the virtual repeal of the Missouri Compromise, by which slavery had been excluded from all the territory north of latitude 36° 30′.

The South had a genuine contempt for the Northern merchants and tradesmen, and did not hesitate to seek advantage of their alleged meanness and cupidity, but with an arrogance which in slave discipline had become habitual, they demanded of these their Northern servitors that they should aid them in their contest for slavery or forfeit their Southern trade. The feeling at the South was sufficiently strong and pervading to execute this threat, and though there were many honorable exceptions, the result too often justified the Southern estimate. As a consequence, numerous meetings, termed Union meetings, were called all over the North, especially in the manufacturing and commercial sections, to advocate the Southern views of slavery, and repress the anti-slavery or free-soil movements at the North. It is encouraging to remark, in passing, that those who resisted or resented the insulting threat and abandoned their Southern business, as it then seemed with pecuniary loss, were thereby saved from the financial ruin in which those who meanly submitted were subsequently very generally involved; and further, that the aid of these Northern allies encouraged the South to a course of action which led to a more speedy abolition of slavery than the most enthusiastic anti-slavery advocates had expected.

Though at that time the slaveholders generally regarded a slave-trader with abhorrence and looked upon a slave-hunter as the vilest of all created beings, they yet, with the aid of their Northern allies and dependants, procured the passage of the national *fugitive-slave law*, making the refusal of any man to aid in the capture and return of a slave who had escaped and sought refuge in a free State, a penal offence, punishable by fine or imprisonment or both. Low indeed

must be the moral condition and degraded to the last degree the self-respecting sentiment of a people who would tamely submit to such flagrant outrage and such imperious insult. The spirit of the North was at length aroused, and chattel slavery in our land was abolished forever.

In this brief statement it will be seen that the tariff has in the past been a very dangerous element in our government, at one time bringing us to the very verge of civil war. In this respect it has been second only to the element of slavery which has been eradicated.

The tariff with all its dangerous tendencies still remains in our constitution with ever increasing power for evil. Though we are now paying an amount of taxes largely in excess of the legitimate requirements of the government, the protectionists are urging more protection by more taxation as a means of relief from the depressed and unprofitable condition into which a large portion of the protected industries of the country have fallen; and in furtherance of this end they are devising illegitimate means of squandering the surplus revenue. The national demoralization thus manifested is of itself a most alarming symptom.

There is even now a proposition to extend this principle of protection by the giving of bounties to protect or aid some of our industries which are said to be languishing. Indeed, the principle of giving bounties in aid of specific industries may be said to be virtually adopted in the case of the aid to the silver miners by the government purchases of a portion of their product. Quite as much could perhaps be said in favor of government purchases of portions of the products of the iron mines and cotton plantations to increase their market price. The evil consequences of such a system of bounties are obvious.

It did not require the results of actual experiment to warn us that a central power of taxation by duties on imports covering an extensive territory, the habits and pursuits in different portions of which materially vary the relative consumption of the articles imported, would, even if restricted to the one object of defraying the legitimate expenses of the general government, be liable to great abuse and be a constant source of anxiety and suspicion. But embracing in this power the power of taxation for the purpose of protecting special industries with diverse sectional interests, must certainly open the way to an increase of those abuses to which there would be no visible limit. No wonder that thoughtful and intelligent men with clear vision of the possibilities of such an addition to the taxing power should be alarmed, or that the less intelligent should be excited. Calhoun thought this addition should be resisted at the outset, and even that it justified resort to revolutionary action. The up-country "Cracker," when for the first time on his usually uneventful journey through the forests to Charleston he encountered a locomotive with fire in its breast, the smoke of a coal pit issuing from its nostrils, rattling, whizzing, whistling, and snorting through the country, abruptly turned his team, vigorously used his lash, and shouted, "The tariff 's coming."[1]

[1] In regard to nullification, Virginia, though unwilling to unite in the extreme measures intended by South Carolina, took a lively interest. She sent one of her prominent citizens on a fraternal mission to Charleston, and Senator Tazewell proposed to offer a compromise tariff bill which he hoped would be accepted by both North and South. As an illustration of the benefit which might arise from a careful selection of the articles to be subjected to import duty, I suggested to him that of molasses. Nearly all the West India product of this article was consumed in this country, it was incidental to the production of sugar, and it would all be saved so long as the price here would

On this point we may derive instruction from the fact that as colonies we justified our resistance to the British government and our resort to the right of revolution on an abuse of the taxing power, or perhaps we might say on the perception which leading colonists of that time had of the abuses to which the principles and powers of taxation asserted by the mother-country would expose them.

The policy with all its potentialities for danger still remains. It was adopted by such a majority of the whole country as at least gave reasonable assurance that it would be permanent, and this assurance was somewhat confirmed by the name "The American System" which was accorded to it. Confiding in this assurance, large amounts of capital have been invested in the various protected industries, the claims of which in most cases are equitably enhanced by the fact that under this same system the investors have actually paid out large additional amounts for permanent plant in consequence of the duties imposed on the necessary materials, so far impairing their ability to compete with others not subjected to this extra outlay. These claims must now in any adjustment of the

pay a little more than the cost of the casks and the transportation, say ten cents per gallon. Above this limit the supply would not be materially affected by the variation in the price. The price here would be that at which the whole would be taken for consumption. Assuming (as was probably the fact) that this was not below twenty-five cents per gallon, we could impose and collect a duty of fifteen cents per gallon without any appreciable increase in the price paid by the consumers, making a net gain of the amount. This duty of fifteen cents per gallon in such case would so far increase the cost of the sugar, which would eventually be paid by the people consuming it. A very small portion of the increased cost would fall upon the United States. Though the circumstances may not now exist, they still suffice for illustration.

tariff be duly recognized. No wise policy can ignore the demands of justice.

The interest on this additional outlay of capital is a permanent tax on the public from which a subsequent reduction of the duties on the materials which caused it would not relieve the community. In some cases, notably in railroads, this tax would be somewhat lessened by diminished duties on the material for maintenance, but after allowing for this and deducting such additional outlay as has arisen from fraud in various forms, there is still a large amount of interest justly payable on the excessive investment of capital. In a territory so large as ours, and in which so large a portion of the agricultural products are produced remote from water carriage, this must be seriously felt in our competition with other food-producing portions of the world in foreign markets, and also by the remote consumers of those products in our own country. For example, it enhances the cost of the food products of the Western to the manufacturers of the Eastern States, and this lessens their ability to compete with foreign manufactures for our own and other markets. This ability is also lessened by the taxation in excess of the needs of the government, for which, as it is in fact squandered, the taxpayers get no benefit in return. For the government by a sudden change in its policy to destroy the interests in which individuals relying on the stability of that policy have made large investments, would be not only unjust to the investors, but as affecting the public weal and aggregate wealth, would be like destroying the cities of New York and Boston for the reason that with our increased knowledge they could now be much better constructed.

We must take this subject as it now is, and it be-

hooves us to give it the most thorough and careful consideration in all its aspects and bearings.

The protectionists claim that it is wise to protect our home producers from the injurious competition with the foreign producers, who, having special advantages in the cheapness of labor, or in soil or climate or otherwise, can produce more cheaply. They argue that we should exclude or obstruct the import of such foreign products for the very reason that they can be furnished to us more cheaply than the home products.

Suppose two neighboring families whose consumption is about equal and each of which produces all it consumes. "Head" with five days' labor can supply his family with hats, while it requires ten days' labor to provide their shoes. "Foote," differently circumstanced, with five days' labor can supply his family with shoes, but requires ten days' labor to supply them with hats. Head says to Foote, "Give me the product of five days of your labor in producing shoes and I will give you five days of mine in hats." Foote assents to this, and each gains five days' labor by the arrangement.

The same principle applies to the exchange of labor or its products between different communities, states, or nations, however near to or remote from each other, — and the benefits to each are augmented as the difference in natural advantages for different products increases. Distance increases the chances of this difference in special local advantages, while it modifies the effect of them by the increased cost of transporting the products.

In excluding the products for which other countries have greater natural advantages, we so far relinquish our share of the natural advantages of the world. And

here the protectionists find a practical limit. They would protect the home producer of sugar, perhaps also of tea, but the most thorough of them would hardly extend their protective policy to coffee. To fully apply their principle that the foreign article must be excluded because it can be supplied more cheaply, would bring us to the suggestion of Bastiat and warrant our gas companies, coal miners, and owners and workers of oil wells, etc. in saying: "The sun is our most formidable competitor. It is impossible for us to compete with him, for he sends us immense quantities of light and heat for nothing. Let us therefore protect our own labor by excluding his products, and at the same time incidentally give additional employment to our manufacturers of textile fabrics in making the materials for the canopy with which to shut him out."

One of the principal objects of the protective policy avowedly is to secure the doing of an increased quantity of work to our own people. For this object it is in divers ways very potential. As in the case of the families of Head and Foote, it obliges them to do more work to get the same product.

It is not uncommon to meet with protectionists who admit that free trade would be best for all if all nations would adopt it, but assert that till such unity is secured, those who refuse to adopt it will retain and have advantages over the others.

Recurring now to the proposal of Head to Foote to exchange the products of their labor, suppose Foote instead of accepting it should say, "No; I want my family to do all its own work, and I will take none of your hats; but I will make and sell you the shoes which now cost you ten days' labor for the price for five days' labor." If Head has no other customer,

this refusal of Foote bars the mutually beneficial exchange; but Head, finding that he can sell the product of his ten days' labor, in some form, to other parties for more than the price of the shoes, accepts the proposal. Is it not obvious that it is Foote who suffers most by his refusal, and that Head is still benefited though possibly less so than by the mutual exchange he proposed? The same result will follow in the case of a like refusal of one nation to exchange products with another. In a mere business view of the case just stated, the reason of Foote's being willing to furnish shoes at the lower price is not material to Head. Whether it be greater muscular strength or other natural advantage, or a willingness to do more than his share of the work of the world, or from ignorance, or other cause, his submitting to privation and accepting less than his proper share of the product of his labor, does not concern Head.

As a logical sequence of this policy of protecting our own labor by excluding the products which can be obtained from abroad more cheaply than they can be produced at home, we are now seeking to exclude the laborers who are willing to work hard and live meagrely. It would be only a very short step further in the same direction to select and banish all such laborers. The legitimate result, attested by actual experience, is that the introduction of such laborers tends to elevate our own. Ours become needed as skilled workmen or as supervisors and directors of the unskilled. A foreign laborer remarked that "every American was bossing something." In excluding foreign labor and its products because they are cheaper and interfere with our own labor, we are acting upon the same idea which in times past led to the destruc-

tion of labor-saving machinery, and would now legitimately lead us to dispense with the steam-engine which works still more cheaply, and with it the machinery which has added so much to the material comforts of us all and especially of the laborers.

We are here treating only of the economical bearing of unrestricted immigration. Whether or not, for any pecuniary advantage, it is wise for us to admit without limitation a numerous people, whose habits, customs, and notions of government and religion differ widely from our own, crowded in their own country, with large inducements and facilities to migrate to ours, is a question which in its political aspect is well worthy of the grave consideration of our statesmen.

The institutions and government of a country may be changed and even subverted as effectually, though not so suddenly and violently, by peaceful immigrants as by armed invaders. From the liberality with which we accord political power to aliens we are peculiarly exposed to this danger.

The present depressed condition of our industries, and especially of our most important protected industries in iron, coal, cotton, and wool, does not argue that the policy of protection is wise. It is reasonably urged that for several years previous to the last (1884) we were very prosperous. There are so many elements in the cause of these diverse conditions that it is impossible to fix the special influence of the tariff upon them, and I attach little importance to any deduction from them either way as to the policy of protection. For several years in succession, with very large agricultural crops we had unusually large demand and good prices for them in Europe — and coincident with this we were increasing our railroads at a rate which

could not long be maintained. This required large investments of capital, while the demand for iron and for coal to make and put it in form for use, and for other materials of construction, stimulated many of our industries and created a demand for labor. This combination of circumstances caused an advance in the wages of labor, and of the interest on capital and its investments, and also in the market prices of property, which made all prosperous. The cessation of this excessive construction of railroads, and the lessened demand for our agricultural products abroad, caused a revulsion and corresponding diminution of profits on capital and earnings of labor. Neither this special prosperity nor depression are to be attributed to the tariff, and generally we may be said to exhibit in our living the deceptive prosperity of one who really having large means is steadily expending all his income and part of the principal. We have great wealth in our virgin soil, and are annually depreciating it by carrying off its products without requisite fertilization to preserve its productive value.

Inferences, then, as to the wisdom of our protective policy from our general prosperity or from temporary variations of it, are unreliable. We can spend freely, and still, by omitting the item of depreciation in our soil, exhibit a good balance sheet even if spending more than our *net* income. The particular accounts of the protected industries are much more significant, and these are and have been for some time very unsatisfactory.

If the demoralizing scramble for superior protection which attends every new adjustment of the tariff should result in equal distribution to all, all would get taxation without any beneficial protection. With

unequal distribution some may be largely benefited, while others under the guise of protection are seriously injured. To protect the builders of ships, the importation of foreign-built ships was prohibited. At the same time, to protect the home producers of the materials required in their building, such duties were imposed on them as made it impossible for us to compete with the foreign builders, even with the advantage of our forests of timber and cheap supply of some other materials. The effect of this was of course to give to foreigners not only the building and equipping of all ships for *general* trade, but the option of producing or procuring from others all the materials required for their construction and equipment; and the further effect of transferring to foreigners and depriving ourselves of that share of the general carrying trade of the world which the intelligence and enterprise of our merchants with the skill and energy of our seamen (freely competing for it) would have assured to us.

In like manner the effort to protect the makers of paper threw a large amount of the printing of our books and the making of the paper for them into the hands of foreigners.

It is certain that for shipbuilding, bookmaking, or any other foreign industry, we can supply nothing from our protected list, for the purpose and object of protection limits its application to those articles which some other country can deliver to us more cheaply than we can produce. In regard to many articles, the increased cost of machinery by reason of the protective duties on it, or upon the materials used in its construction, or in the fabrication of the article itself, with the general increase of taxation for the purpose of protection, which is always more than the amount of

revenue derived from them, have diminished the ability of our home manufacturers to compete with the foreign in neutral markets and even in our own, and this though the raw material used both here and abroad is the product of our own soil, and the natural market is on our own continent and most convenient to us.

The exaction of high cash duties on raw material (on clothing wool it varies on different kinds from 50 to 100 per cent.) obliges the manufacturer or dealer to employ additional capital, which adds to the cost of his products.

The protection of the manufacturers of woollen fabrics by means of a large percentage of duties on the fabrics, and then protecting the wool-growers by imposing still higher duties on wool, has resulted in transferring not only the manufacturing of a large amount of woollen goods to foreigners, but also in the growing of the wool for them. A further effect of these duties on wool and woollens has just been developed. The importers have discovered that the duty on ready-made woollen clothing is such as to make its importation more profitable than the cloth, and an appeal has been made in behalf of the tailors and needle-women, of whom it is stated that 50,000 in the city of New York alone will be deprived of their means of living. This illustrates the statement just made, that when all are equally protected *all are taxed* and none *beneficially* protected. It also shows that *equality* of protection is not essential to the failure to protect; but a scale of protective duties, beginning with the raw material or nearest to it, and decreasing at each stage in the progress of conversion to the last, will be attended with still more injurious consequences. The duties on the wool being more onerous than those on the

cloth, and those on the cloth more so than on the clothing made of it, the making up of the clothing, the manufacture of the cloth, and the growing of the wool are all transferred from our own to foreign farmers and artisans.

To relieve the makers of the clothes it is proposed to lessen the duty on the cloth. But many of the cloth mills are already suspended, the laborers thrown out of employment, and the capital invested in them, and also in those still running, is wholly unproductive. The effect of such mode of relief to the makers of clothes would be to lessen the demand for wool and greatly diminish its price.

It seems incredible, but in view of the action of our wool-growers it is difficult to avoid the conclusion that they have not recognized the obvious fact that the importation of foreign wool *in the form of cloth* interferes as much with the use of their wool as if brought here as it came from the sheep's back.

We export no wool. If we had a surplus to sell in foreign markets, a protective duty would be wholly ineffective.

That the duties are so adjusted as to exclude raw wool and admit it in the form of cloth, not only defeats the intent to protect our wool-growers from foreign competition, but lessens the home market. Much of the woollen machinery of this country is now idle. This effect of the tariff was not immediate. The large demand for woollen cloth to supply the army during our civil war had led to large increase of machinery for its production. At its termination there was no accumulation of woollen goods at the North and a great deficiency of them at the South. The foreign wool on hand with the home product for a time

sufficed, and during this time the withdrawal of the demand for our machinery left a surplus of wool for the rest of the machinery of the world. For this surplus there was no adequate demand except in this country, and as it could be most profitably sent here in the form of cloth, the price abroad fell to a point at which the foreign manufacturers could buy and convert it into cloth and send it here for final consumption. The price of wool here must of course fall to about that which our manufacturers would pay in this competition. By this competition the price of wool here would be affected, but our own product being insufficient for our machinery, the price of it here would not go below the point at which the manufacturer would still prefer to run rather than stop his machinery. He would run till he got no interest on the capital invested, which would often include the cost of many tenements for the operatives and the added expenses which would be incurred by the dispersing and re-collecting of the operatives, and other extra expenses of running out the stock on hand and running in new stock. By an unjust tariff this interest on the investment of the capital may thus virtually be transferred from its owner to the wool-grower, and a further tax also imposed on the former for the benefit of the latter. These results have been practically aggravated by the greater ease with which the duties may be evaded on cloth than on wool. Soon after the passage of our present tariff there was a very great increase in the manufacture of woollen cloths in Canada, the principal outlet for which it is supposed was over the boundary line free of duties. The cloths have no doubt in the main been imported in the regular way, but the payment of a portion of the duties has been

evaded by undervaluation, for which, though well known, no adequate remedy has yet been devised.

To illustrate another of the consequences of excluding foreign wool, suppose that our product of copper was not more than sufficient for our home consumption, and that for it we had no satisfactory foreign market; but that we had no zinc to mix with it and make brass; that the intrinsic value of our copper as rated by the markets of the world, with zinc free to us, was twenty cents per pound and zinc four cents per pound, and that under these conditions the home demand would take all our copper, and this mainly for making brass articles. If now we should exclude zinc, we should, if we continued to make such articles, have to make them of the dearer metal, and when made they would very generally be inferior in quality, and less sightly, less durable, and of less market value. This result would be approached, and our ability to compete with the foreign makers of brass articles diminished, as we increased the cost of importing zinc. We might reach a point at which our makers would have to abandon the business entirely. The producers of copper would then have to accept the net proceeds of its sale in a foreign market, and if this was not remunerative abandon their mines. Obstructing the import of zinc might thus injure the miners and the workers of copper, and even destroy both these industries.

Now a large portion of our wools in length and strength of fibre have properties which, fitting them for worsted and for the warp of other woollen cloths, make them intrinsically more valuable than some of the shorter and weaker wools of other countries, while by the mixing of a portion of these weaker and

cheaper wools with those of our home growth a handsomer and more salable fabric is obtained. As in the case of the zinc and copper, the obstruction to the import of these poorer and cheaper wools lessens the market price of our own clips. One might suppose that in making the laws so as to obstruct the import of these cheaper wools, and to cause the import of foreign wools to be in a form which as certainly takes the place of our home product as raw wool would do, and at the same time destroys the home customers for the home product, unwise legislation had exhausted its power to injure our wool-growers.

But the facts teach us yet another lesson in tariff-making. As already stated, a portion of our wools were well adapted to the making of worsted goods. We may remark, that by a reasonable care in providing sufficient food and proper shelter for the sheep, the proportion of these could be much increased. These wools were largely used in the manufacture of worsted coatings, and such was the demand for them that selections of such fleeces as were adapted to worsted from mixed lots would sell for an extra price of five cents per pound, while the rejected fleeces for clothing purposes were not materially impaired in value. In 1883 the duty on worsted coatings was reduced more than the duties on wool. The import of these goods was threefolded, causing a heavy loss to the home manufacturers of them, a diminution of their business and of their ability to pay the extra price for worsted wool, and this five cents additional which had substantially accrued to the benefit of the wool-grower could no longer be obtained. The cases must be few in which so little change in the tariff would be so disastrous to the wool-growers, to say nothing of

the injury so unjustly inflicted upon the manufacturers of the description of goods with which their market was so suddenly deluged. The government had received of them one amount of duties on the wool they had used, and then, without any return of those duties, got another amount on the goods by the import of which these manufacturers were deprived of the promised opportunity to recoup themselves from the same public into whose treasury they had paid the duties.